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SPECIAL REORGANIZATION OF THE SAN FERNANDO VALLEY

EXECUTIVE OFFICER'S SUPPLEMENTAL REPORT

TO THE

LOCAL AGENCY FORMATION COMMISSION
FOR LOS ANGELES COUNTY

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CHAPTER 10

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2. The second part of the chapter discusses the importance of the first impression in the workplace. It discusses how the first impression can affect a person's career and how it can be used to their advantage.
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INTRODUCTION

Purpose

Pursuant to the Cortese-Knox Local Government Reorganization Act of 1985 (the “Cortese-Knox Act”)¹ the executive officer of a local agency formation commission is required to review each application for a change of organization or reorganization filed with the commission and prepare a report to the commission, including his recommendations on the application.² The objective of this Executive Officer’s Supplemental Report is to provide the Local Agency Formation Commission for Los Angeles County (the “Commission”) with its Executive Officer’s final recommendations regarding the application and proposal for special reorganization of the San Fernando Valley area of the City of Los Angeles (“Valley Special Reorganization”).³

Context

The Executive Officer’s Supplemental Report updates the Executive Officer’s Report dated April 24, 2002. The Commission has held three public hearings subsequent to the release of that report. On May 15, 2002, the City of Los Angeles submitted a response to the Executive Officer’s Report and the draft resolution and the Applicant submitted fourteen requested changes to the resolution.

This Supplemental Report is based on studies, negotiations and proposals that have been conducted in this process. This input includes, but is not limited to, the Comprehensive Fiscal Analysis (“CFA”) and supplemental report prepared by the Commission’s consultant, the State Controller’s review of the CFA, comments at public hearings, the “terms and conditions” round of negotiations between the City of Los Angeles and the Valley Special Reorganization applicant (the “Applicant”) held during the last quarter of 2001, the revenue neutrality negotiations between the Applicant and the City of Los Angeles held during the first part of this year, the written proposals of those parties, and the recommendations of the Commission’s Subcommittee on Findings, Terms and Conditions (the “Subcommittee”), which held multiple hearings and adopted recommendations on findings, terms and conditions for consideration by the Commission. All of the above submissions, reports and proposals, and all other written submissions which have been provided by the parties and interested third parties, and all recordings, transcripts and minutes of all meetings and hearings are incorporated in this Supplemental Report by reference for consideration by the Commission.

Caveats

This Supplemental Report includes analysis and recommendations on fiscal findings and terms and conditions for the Commission to consider as it makes its determinations with respect to the Valley

¹ Former California Government Code section 56000, *et seq.* The Cortese-Knox Act was amended by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the “Hertzberg Act”), which became effective January 1, 2001. The proposal for special reorganization of the San Fernando Valley area of the City of Los Angeles was accepted for filing prior to the Hertzberg Act’s effective date, and therefore, pursuant to the provisions of the Hertzberg Act it is being processed under the prior law, and all references herein are to the former Government Code sections of the Cortese-Knox Act.

² Government Code section 56833.

³ Pursuant to Government Code section 56075.5, a “special reorganization” means a reorganization that includes the detachment of territory from a city or city and county and the incorporation of that entire detached territory as a city. The Valley Special Reorganization, therefore, consists of a detachment of the San Fernando Valley territory from the City of Los Angeles and incorporation of that area as an independent city.

Special Reorganization. The decision whether or not to approve or disapprove the proposal, with or without amendment, wholly, partially or conditionally, rests entirely with the Commission. This Report is not a substitute for those discretionary decisions yet to be made by the Commission.

This Report and the recommendations herein are subject to revision and reconsideration as may be directed by the Commission during the course of its deliberations.

FISCAL FINDINGS

This Report sets forth adjusted and updated fiscal calculations of current revenues and expenditures and fiscal projections for the new city's first three years of incorporation. These fiscal estimates differ from those presented in the Executive Officer's Report in five ways:

- 1) The fiscal calculations are based upon the actual City of Los Angeles revenues and expenditures in the base year (fiscal year 2000-01) which were recently released in the Mayor's proposed fiscal year 2002-03 budget. Previously, the CFA and the Executive Officer had calculated the fiscal findings based upon the adopted budget for the base year rather than the actual figures, which were unavailable.
- 2) The City of Los Angeles allocation of the County's Public Safety Augmentation Fund (Government Code section 30051, *et seq.*) has been allocated on the basis of property tax share. The CFA and the Executive Officer's Report did not allocate this revenue source to the new city. The City of Los Angeles receives an allocation of the County's Public Safety Augmentation Fund which consists of a State 0.5 % sales tax allocated to local governments as replacement revenue for the diversion of property taxes from cities to schools in the 1993-94 State Budget. This revenue source generated approximately \$10.9 million in the San Fernando Valley in the base year.
- 3) The City of Los Angeles allocation of tobacco settlement revenues has been allocated on the basis of general fund proportionate share. The CFA and the Executive Officer's Report did not allocate this revenue source to the new city. This revenue source generated approximately \$3.0 million in the San Fernando Valley in the base year.
- 4) Special purpose fund appropriations have been reassessed to ensure that revenues and appropriations in each fund are allocated in a consistent manner. These final calculations use the same allocation factors for revenue received in a particular special fund, as are used for the appropriations made from that fund.
- 5) Transition costs have been updated based upon the most recent information supplied by the City of Los Angeles to the State Controller in its request for review of the Hollywood Comprehensive Fiscal Analysis. This information provided greater detail on the estimated transition costs applicable to any of the proposed cities.

REVENUE NEUTRALITY FINDING

The Executive Officer finds that the current revenues generated in the San Fernando Valley that would accrue to the new city are \$1.14 billion based on actual base year revenues, and \$1.07 billion based on budgeted base year revenues. For purposes of the revenue neutrality test, revenues reflect the documentary transfer tax that would accrue to the new city.

By comparison, the Executive Officer finds that the current expenditures for services that would be assumed by the new city are \$1.05 billion based on actual base year expenditures, and \$1.01 billion based on budgeted base year expenditures. For purposes of the revenue neutrality test, expenditures exclude the Van Nuys Airport subsidy as this cost is currently borne by the Department of Airports, a proprietary department, and does not post to the City's budget. For the purposes of the revenue neutrality test, the budget surplus has been allocated based on general fund proportionate share to the new city as an expenditure item.

The Executive Officer concludes that the proposed special reorganization is not revenue neutral, as current revenues exceed current expenditures by \$98 million based on actuals and by \$66 million based on budgeted fiscal information. By comparison, the CFA found that for purposes of the revenue neutrality test, revenues exceed expenditures by \$34.9 million.

FISCAL IMPACT ON THE CITY OF LOS ANGELES

In assessing the fiscal impact on the remaining City of Los Angeles, Government Code section 56845 requires the comparison of current revenues that would accrue to the new city and current expenditures for services that the new city would assume. The Executive Officer finds that current revenues that would accrue to the new city exceed current expenditures that would be assumed by the new city by approximately \$98 million. The Executive Officer has recommended that the fiscal mitigation payment include an additional \$30 million to compensate the City of Los Angeles for its loss of documentary transfer tax revenues generated in the San Fernando Valley.

The Code grants the Commission the discretion to determine the fiscal mitigation payment amount that would adequately mitigate the negative fiscal effect on the City of Los Angeles. Although the Commission has the discretion to determine a mitigation payment that adequately mitigates the negative fiscal impact on the City of Los Angeles, the Commission is neither required nor directed by the Government Code to include “stranded costs” in the mitigation payment.

The Government Code Section 56845(a) defines the expenditure component of the revenue neutrality calculation as “expenditures currently made by the local agency transferring the affected territory for those services which will be assumed by the local agency receiving the affected territory”. By comparison, the City of Los Angeles has argued that the expenditure component of the fiscal mitigation payment should be based on the savings that the City of Los Angeles would realize if a) the San Fernando Valley were no longer part of the City, and b) the San Fernando Valley was not relying on the City of Los Angeles for contract service.

CFA Approach

The Comprehensive Fiscal Analysis apportioned field staff like front-line fire fighters, street cleaners, refuse collectors, police patrol officers, and librarians to the respective area based on the geographic area served by that particular worker. The CFA authors reviewed budget documents, organizational charts and other city records. In addition, the CFA authors interviewed City department managers about workload indicators, service levels, and the impact of special reorganization on their operations. The City department managers had difficulty identifying cost savings if one-third of the current City were to become independent. Despite repeated requests by the CFA authors, City representatives did not provide workload indicators useful in determining its employees’ workload attributable to servicing the San Fernando Valley. The interviews yielded little insight on the staffing requirements for a hypothetical post-secession City of Los Angeles. The CFA proceeded by allocating administrative staff based on the proportion of field staff serving the San Fernando Valley.

For purposes of illustration, the CFA approach is demonstrated through its allocation of the Police Department. Based upon organizational charts of the Police Department, the CFA identified 2,062 staff assigned to Valley police stations of a total 7,486 citywide staff assigned to police stations.⁴

⁴ The CFA methodology allocated budgeted and authorized positions as reflected in City of Los Angeles organizational charts. Similarly, the City of Los Angeles consultant’s stranded cost report focused on budgeted positions.

Thus, the CFA found the 28 percent of field staff were serving the San Fernando Valley. The CFA then allocated 28 percent of the Police Department's personnel, emergency dispatch, specialized policing units, crime lab and other centralized personnel costs to the San Fernando Valley.

City of Los Angeles Approach

The City of Los Angeles argued that the CFA had overstated the cost savings that would be realized by the post-secession City of Los Angeles by over \$200 million.

The City views its centralized operations as requiring a minimum level of staffing with associated costs that could not be divided or reduced if the City were to become two-thirds of its current size.⁵ In particular, the City views its accounting, payroll, human resources, purchasing, contracting, and computer system maintenance functions to be staffed at minimum levels and difficult to divide or reduce if the scope of the City's field operations were reduced by special reorganization. The City argues that the workloads for such functions does not disappear if the Valley departs because the workload is dependent "upon the performance of a specific function" rather than population, geography or the size of the City.⁶ The City recommended that the best method of assessing the negative fiscal impact on the City is to look at current service levels. If the workload is not affected by the departure of the Valley, the City reasons that budget cuts in those areas would result in a decrease in service to the remaining City of Los Angeles.⁷ The City concludes that "if service levels are decreased from their existing levels (and all other conditions are assumed to be fixed), then one can reasonably assume a negative fiscal impact from the departure of the Valley." (ibid., page 2, emphasis added)

The logical thread of the City's argument assumes that:

- 1) The City's administrative units are currently staffed at minimum levels;
- 2) The workload of the City's administrative functions is unaffected by the size of the City, i.e. the number of criminals, fires, potholes, library card holders, garbage bins, taxpayers or City employees providing direct service to the public;
- 3) A secession-related reduction in the City's budget for administrative functions would reduce service levels in the remaining City of Los Angeles; and
- 4) The post-secession City of Los Angeles would be organizationally identical to the existing City of Los Angeles. In other words, the post-secession City of Los Angeles would not reorganize its units, branches, bureaus and departments, would not streamline its job classifications, would not rewrite job descriptions, and would not rely more heavily on outside specialists.

The second assumption—that the workload of administrative functions is dependent on the performance of a specific function—is tautological. The notion that the City's administrative workload is unrelated to the size of the City is inconsistent with the budgets of other cities, as discussed in the Executive Officer's Report. The City's fiscal consultant has acknowledged that if the City were 30 percent smaller, its leaders would allocate the same percent of resources to central

⁵ Fujioka, William T. *City Response to LAFCO Regarding Valley Secession Proposal and Initial Fiscal Analysis*. City of Los Angeles Office of Administrative and Research Services, June 13, 2001, page 4.

⁶ Ibid. page 5

⁷ Ibid. page 3

senior management as is currently devoted to such overhead costs.⁸ In other words, the City's fiscal consultant believes that such administrative costs would shrink in proportion to the reduction in the size of the City's budget.

The third assumption would require the City to draw a connection between the activities of centralized staff and service levels provided to the taxpayers. If the City were to draw a connection between the activities of administrative staff and service levels, the City would then invalidate the second assumption. If payroll clerks are busy cutting paychecks for refuse collectors, if human resources specialists are busy recruiting to fill vacant police officer positions, if purchasing clerks are busy buying park sprinklers or if computer maintenance staff are busy keeping the local library computers running, then these administrative staff are providing municipal services to the public. If administrative workers are providing directly or indirectly services to the public, then their workload is clearly driven by the volume of the public's needs, which is in turn driven by the size of the city.

The fourth assumption is not credible. Even the City's fiscal consultant envisions the post-secession City of Los Angeles undergoing a reorganization involving unprecedented employee turnover, re-training of employees and managers as well as changes in employee and managerial assignments.⁹ The elected officials of the City of Los Angeles would undoubtedly reorganize the various units, branches, departments and worker assignments to achieve service cost efficiencies. For example, a post-secession City of Los Angeles could economize on service costs by deploying specialists to assist the various small departments, rather than constraining specialists to serve a narrow function within a small department or unit. Another example is that the City could economize on supervisorial costs by consolidating compatible units or departments.

The CFA authors rejected the City of Los Angeles allegations because the City failed to produce empirical evidence on the workloads and the factors driving the workloads of City staff. The State Controller found the City of Los Angeles argument about cost savings irrelevant because Government Code Section 56815 "validates the CFA's methodology to base mitigation payments solely on the difference between current revenue and current expenditures."¹⁰ The Executive Officer rejected the City's "stranded cost" argument after finding that other cities manage to keep their expenditures in line with the size of the population being served.

Revised City Approach

In response, the City of Los Angeles retained a consulting firm to conduct an "independent" estimate of the "stranded costs". In a one-month period, the City provided its consultant with interview access to representatives of each individual unit of the largest City departments and with "objective" workload data documenting the need for a particular level of staffing, and the consultant produced a fiscal analysis report. Generally, the consultant found that the post-secession City of Los Angeles could reduce its field staff engaged in direct service provision, but could make only limited 10-15 percent reductions in administrative and centralized support staff without affecting service levels. The City's consultant concluded that the fiscal mitigation payment should be at least \$98 million higher than the CFA estimate.

⁸ Hamilton, Rabinovitz & Alschuler, Inc. *The Division of Service Cost Burdens Following Separation of the San Fernando Valley from the City of Los Angeles: An Independent Appraisal*. Los Angeles, May 13, 2002, page 15.

⁹ Hamilton, Rabinovitz & Alschuler, Inc. *The Division of Service Cost Burdens Following Separation of the San Fernando Valley from the City of Los Angeles: An Independent Appraisal*. Los Angeles, May 13, 2002, page 7.

¹⁰ Connell, Kathleen. *California State Controller's Review of the Proposed San Fernando Valley Special Reorganization Comprehensive Fiscal Analysis*. Sacramento: California State Controller, April 2002, page 26.

The City of Los Angeles consultant's report provided tables indicating which City employees would be needed to sustain current service levels in a post-secession City of Los Angeles, and a brief summary of the general methodology used to derive the estimates.¹¹ The consultant's report does not share any of the particulars relating to the interviews of City staff, does not share any of the objective workload data documenting the need for post-secession staffing levels, and does not provide a rationale for its City staff allocations. The consultant's report lacks documentation on the derivation of the post-secession cost estimates.

The City's consultant has separately analyzed each unit in the major City departments, an approach that restricts the flexibility of reorganizing or "rightsizing" city government. Where there were fewer than three employees in a particular job title, the consultant has typically assumed that all of those staff are critical to maintaining City service levels. Thus, most of the centralized supervisory positions were assumed to be critical to maintaining City service levels. Where there are a significant number of staff with the same job title in a particular unit, the City's consultant has defined a greater than proportionate share as necessary to maintain City service levels.

The accompanying table demonstrates the difference between the CFA allocation and the City consultant's allocation of staff to the remaining City of Los Angeles in the case of the crime lab. While the CFA provides a rationale for apportioning staff costs based on the proportion of patrol officers stationed in the Valley, the City's consultant does not explain why a post-secession City of Los Angeles would need more photographers, typists or chemists to maintain service levels.

In the General Services department, the CFA allocated 24 percent of costs to the San Fernando Valley using explicit allocation factors. For example, the CFA allocated building maintenance costs based on the percent of City buildings located in the San Fernando Valley. By comparison, the City's consultant indicated that the City could eliminate only 17 percent of its positions in this department, but provides no details or explanation as to why additional positions were deemed necessary after secession.

The City's latest report does not provide evidence or adequate analysis substantiating the City's claim of stranded costs. The Executive Officer concludes that the recent report reflects the opinions of the City's consultant without the benefit of concrete evidence of stranded costs. Furthermore, the Executive Officer notes that if indeed there are high fixed costs that the City would face if the Valley were independent, then the Valley would have strong financial incentives to contract with the City of Los Angeles for centralized services. In absence of compelling evidence,

Crime Lab Staffing Allocated to Post-Secession City of Los Angeles		
	<u>CFA</u>	City Consultant
Total	182	219
Captain	1	1
Secretary	1	1
Forensic print specialists	56	66
Criminalists	45	50
Photographers	28	33
Typists	15	18
Police officers	13	18
Surveillance specialists	6	7
Chemists	2	3
Polygraph examiner	3	4
Management analysts	3	4
Document examiner	3	4
Lab technicians	3	4
Drafting technician	1	1
Composite artist	1	1
Storekeeper	1	1
Student workers	2	3

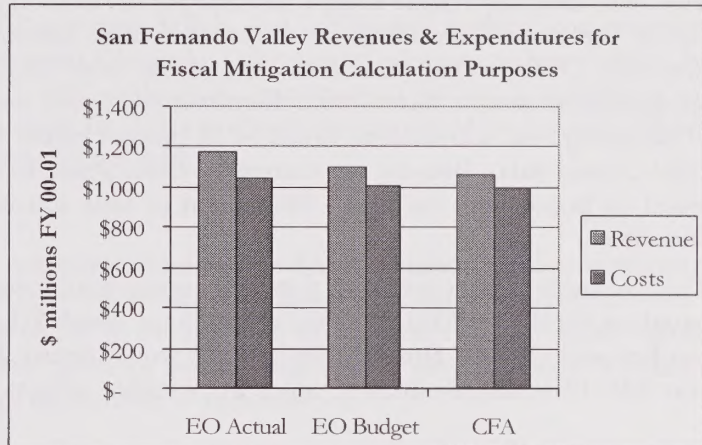
¹¹ Hamilton, 2002.

the Executive Officer recommends that the City's stranded cost estimates be disregarded in the fixing of the fiscal mitigation payment and that the commission determine that the \$128 million mitigation payment adequately mitigates the negative fiscal effect of the proposed special reorganization on the City of Los Angeles.

Fiscal Mitigation Payment Amount

For purposes of calculating the fiscal mitigation payment, the Executive Officer recommends inclusion of the documentary transfer tax so that the negative fiscal impact on the City of Los Angeles reflects the effect of this reduced revenue stream. This approach diverges from the recommendations of the State Controller, who found that the negative fiscal impact on the City of Los Angeles should be calculated based on the revenue neutrality test and should not include lost documentary transfer taxes.

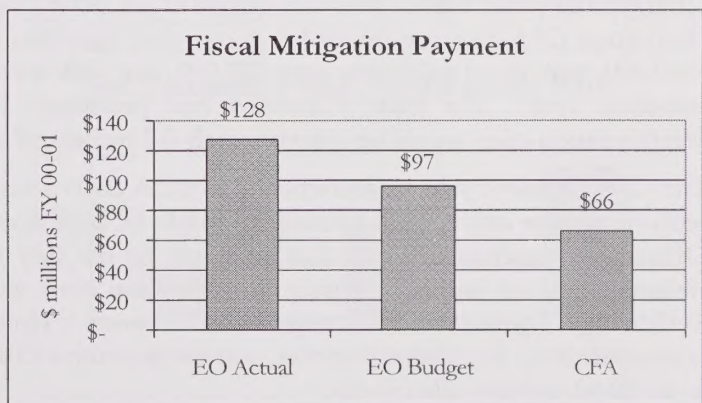
In calculating the fiscal mitigation payment, the Executive Officer has followed Government Code section 56845, which focuses on the current expenditures for services that will be assumed by the transferring territory rather than the budget cutbacks that the City of Los Angeles anticipates making after special reorganization. On this issue, the Executive Officer concurs with the State Controller, who found that the City of Los Angeles' "stranded costs" are not relevant to the calculation of the fiscal mitigation payment. This issue is discussed in greater length in the previous section of this report.



Based on the above, the Executive Officer finds that the negative fiscal impact on the City of Los Angeles had special reorganization occurred in the base year would have been \$128 million. This represents an increase of \$31 million over the Executive Officer's estimate of the fiscal mitigation payment based on budgeted revenues and expenditures. Further, the Executive Officer's estimate of the fiscal mitigation payment based on budgeted numbers is \$31 million higher than the CFA estimate. The difference is primarily due to the fact that the Executive Officer allocated a share of the Public Safety Augmentation Fund and reserve fund transfers, whereas the CFA did not allocate these revenues to the new city.

Conclusion

Based on the above, the Executive Officer recommends that the Commission find that the Valley Special Reorganization would have an annual negative fiscal effect on the City of Los Angeles of \$128 million that should be mitigated.¹²



¹² Pursuant to Government Code section 56845(c), if current revenues and current expenditures are not substantially equal, the Commission may only approve a proposal if it finds that: (1) the county and all other subject agencies

FISCAL VIABILITY FINDING

The Executive Officer has recalculated the fiscal estimates based on actual City revenues and expenditures in the base year for purposes of evaluating the fiscal viability finding. Further, the Executive Officer has updated other fiscal estimates that affect the fiscal viability finding as detailed below.

State Subventions

The State allocates vehicle license fees and gas tax to local government on the basis of population and, in the case of new cities, on the basis of triple the number of registered voters. The Urban Research Division has estimated that there were 582,388 registered voters in the special reorganization area in March 2001. Based on this figure, the population estimate used for purposes of allocating state subventions would be 29 percent higher than the estimated population based on 2000 Census data. Because the current revenues generated in the San Fernando Valley are simply based on population, the actual distribution of state subventions to the new city would be more favorable.

The Executive Officer estimates that the new city would receive \$92.3 million in vehicle license fees based on fiscal year 2000-01 actual revenues, of which \$18.9 million reflects new revenues for the San Fernando Valley. Similarly, the new city would receive \$56.5 million in gas taxes based on fiscal year 2000-01 actual revenues, of which \$12.2 million reflects new revenues.

Documentary Transfer Tax

As reported previously in the Executive Officer's Report and the CFA supplemental report, the San Fernando Valley would not be authorized to levy a documentary transfer tax at the City of Los Angeles current rate of \$2.25 per \$500 in property sales, and instead would have only half of the County's tax rate of \$.55 per \$500 in property sales. The new city's revenues would be \$30 million lower than current revenues generated in the territory due to this reduction in the documentary transfer tax rate.

Transition Costs

For purposes of fiscal viability computations, the Executive Officer has used the most recently provided transition costs. The City informed the State Controller in its request for review of the Hollywood CFA that it estimated that one-time transition costs associated with redistricting were \$500,000, with bond validation were \$20,000, and with revenue collection were \$95,000 during the transition year. The State Controller had previously found that the City's annual contract administration costs would be approximately 0.3 percent of the service contract cost.¹³

The City estimated that its incremental election costs associated with holding two elections after redistricting the city council boundaries would be approximately \$274,000; however, the Executive Officer recommends that this cost be borne by the City of Los Angeles. In addition, the City estimated that its on-time contract administration costs would include a \$16 million Information Technology Agency contract negotiation expense. However, this cost estimate was deemed unreasonable by the State Controller, and the Executive Officer has not included that cost estimate in the fiscal viability calculations.

agree, or (2) the negative fiscal effect of the incorporation is adequately mitigated by tax sharing agreements, a lump sum payment over a fixed period of time or other terms and conditions imposed by the Commission.

¹³ California State Controller, *California State Controller's Review of the Proposed San Fernando Valley Special Reorganization Comprehensive Fiscal Analysis*, April 2002.

The Executive Officer estimates that the new city would pay approximately \$250,000 annually to reimburse the costs of the third party fiscal agent. This expense of the new city has been included in the fiscal viability calculations.

Debt Payments

The fiscal viability calculations include debt payments by the new city to the City of Los Angeles for debt issued as of the election date. The resolution requires the new city to pay a proportionate share of lease obligation debt, Convention Center lease obligation debt, judgment obligation bonds, sanitation equipment revenue debt, parking revenue bonds, tort liability and workers' compensation claims.¹⁴ Further, property owners in the San Fernando Valley would continue to bear liability for general obligation bonds, Proposition K debt, and special assessment debt that is included in the property tax bill. These debt payments made by Valley property owners would be remitted directly to the City of Los Angeles for use in defeasing the debt.

Reserve Fund and Fund Balances

The Executive Officer's fiscal viability estimates include a transfer of a general fund proportionate share of the City of Los Angeles' emergency reserve fund. Although the resolution provides for a portion of the special purpose fund balances to be allocated to the new city, the fiscal viability computations assume that no such fund balances would transfer and do not reflect additional funding available to the new city through the transfer of such balances.

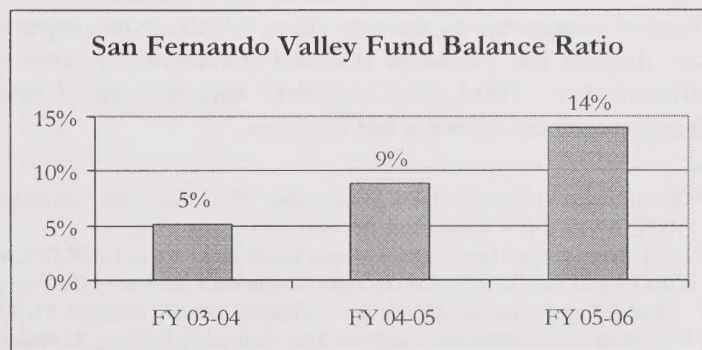
Van Nuys Airport Subsidy

The City of Los Angeles Department of Airports subsidized the Van Nuys Airport at a net cost of \$3.4 million in the base year. This cost is currently an expenditure of a proprietary department and is not included in the City of Los Angeles budget. However, if the Van Nuys Airport were transferred to the new city, the new city would have to subsidize the airport from general fund revenues. Whether or not the Van Nuys airport would actually transfer to the new city is unknown because such a transfer would require the approval of the Federal Aviation Administration. Nonetheless, the Executive Officer has included the airport subsidy as a cost of the new city.

New City's Reserves

The Executive Officer estimates that the expected cash balance of the new city would be 14 percent of general fund revenues by the end of new city's third year.

In order to approve a special reorganization, the Commission must find that the proposed city would generate "reasonable reserves" during its first three years. The Government Finance Officers Association recommends a minimum unreserved fund balance of "no less than 5 to 15 percent of regular



¹⁴ In the fiscal viability appendix table, the sanitation equipment revenue debt payment is included in the cost of purchased services. The resolution requires the new city to make payments on this debt regardless of whether the new city relies on the City of Los Angeles for refuse collection service.

general fund operating revenues, or of no less than one to two months of regular general fund operating expenditures”.¹⁵

In its request for the Controller’s review, the City expressed concerns about the adequacy of the proposed city’s reserves in its first year. Further, the City questioned the CFA estimate of an eventual 2 percent reserve. The City’s opinion is that “the CFA has assumed a level of fiscal stability in the proposed new city greater than in the existing City of Los Angeles without having a basis for doing so.”¹⁶ The Controller concluded that “no authoritative basis exists upon which a ‘sufficient’ level of reserve can be determined.”¹⁷ However, the Controller asserted that the CFA estimates of the Valley city’s projected reserves are considerably lower than were Los Angeles and San Diego’s undesignated reserves in fiscal year 1998-99. Further, the Controller indicated that undesignated reserves tend to fluctuate significantly from year to year, and that projections of reserve levels are unreliable.

Indeed, the City of Los Angeles general fund reserves have fluctuated significantly over the last several years. The City entered fiscal year 1997-98 without any undesignated reserves; in fact, the City’s financial statements reported slightly negative reserves as of June 1997.¹⁸ By the end of fiscal year 2000-01, which is the base year for purposes of the CFA, the City’s reserves were \$159 million or 5.4 percent of annual general fund revenues.¹⁹ However, the City has apparently depleted a good portion of that reserve in the current fiscal year due to unanticipated revenue shortfalls, and is currently attempting to maintain a \$60 million emergency reserve.²⁰ This represents 1.9 percent of general fund revenues. If the City uses all or part of the \$60 million reserve fund to balance its budget this year, the reserves available in fiscal year 2002-03 may be lower than 2 percent.

In her review of the Hollywood CFA, the Controller took issue with construing the proposed city’s cash balance to be the proposed city’s reserves. Specifically, the Controller argued that the reserves should be defined as the cash balance before factoring in any loans or budget cutbacks that the proposed city might undertake. In essence, the Controller is defining reserves under a strict accounting approach in which the fund balance is the difference between the assets and liabilities of the proposed city.

The Controller’s accounting approach to the definition of reserves is impractical for evaluation of the proposed cities for three reasons. First, the CFA was conducted on the basis of the City of Los Angeles budget, due to the greater programmatic detail provided in the budget as opposed to the City’s financial statements. Second, the Controller’s approach to defining reserves would require financial statements on the new cities, which are not expected to be available until after the City of Los Angeles has produced financial statements for activity ending on the special reorganization effective date. Third, the Controller’s approach would require a valuation of assets transferred to the proposed city which is not available.

¹⁵ Government Finance Officers Association. “Governmental Accounting Focus: New Recommendations from GFOA”, *GAAFR Review*, Vol. 19, No. 2, February 2002.

¹⁶ Letter from City of Los Angeles Mayor James K. Hahn to LAFCO Executive Officer Larry Calemine. “Request by the City of Los Angeles for the State Controller’s Review of the Comprehensive Fiscal Analysis for the Proposed Special Reorganization for the San Fernando Valley”, February 11, 2002.

¹⁷ California State Controller, *California State Controller’s Review of the Proposed San Fernando Valley Special Reorganization Comprehensive Fiscal Analysis*, April 2002.

¹⁸ City of Los Angeles, Office of the Controller. *Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 1997*, December 22, 1997.

¹⁹ City of Los Angeles, Office of the Controller. *Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2001*, January 18, 2002.

²⁰ City of Los Angeles, Office of the Controller, *Estimate of Revenue for Fiscal Year 2002-03*, March 1, 2002.

The year-end cash balance reflected in the Executive Officer's fiscal viability calculations reflects the overall budget surplus of the proposed city. As such, it includes both general and special purpose funds. For the most part, the Executive Officer's fiscal estimates have assumed that appropriations from special purpose funds are allocated to the proposed city in proportion to the special purpose revenues allocated to the new city. Thus, the year-end balance primarily reflects a general fund balance. Given that future debt payments have been budgeted in the fiscal viability calculations, the year-end balance approximates the undesignated, unreserved general fund balance that is reflected in the "reasonable" reserve ratios discussed above.

Conclusion

The Executive Officer concludes that the proposed city's cash balance would meet the Government Finance Officers Association standard for reasonable reserves. The Executive Officer finds that the proposed city is expected to generate reasonable reserves and to be financially viable.

FISCAL MITIGATION TERMS

The City proposed that the mitigation amount be \$305 million, subsequently revised by the City's consultant to be no lower than \$165 million.²¹ The Executive Officer finds that the mitigation payment should be \$128 million, and based on the actual City revenues and expenditures in the special reorganization base year. The mitigation amount reflects the fiscal effect on the City of Los Angeles based on current revenues and expenditures. Although the Commission is not legally required to do so, the Executive Officer recommends that the fiscal mitigation payment include the City's full loss in documentary transfer tax revenues currently generated in the Valley.²²

The Applicant has proposed a mitigation payment made over a twenty-year term.²³ The City of Los Angeles has proposed a mitigation payment made on a monthly basis over a period of 25 years.²⁴

The Executive Officer recommends that the mitigation payment should be \$128 million and structured as a twenty-year payment with a gradual phase-out. This approach is based in part on the Elk Grove mitigation payment that was structured to gradually reduce the County's reliance on the mitigation payment.²⁵ Under the recommended approach, the mitigation payment would be discounted by five percent annually beginning in the first full fiscal year following incorporation. This five percent phase-out rate is less than the City of Los Angeles' staff attrition rate (7 percent), implying that the City of Los Angeles could adjust to the financial effect of the Valley's departure without laying off City workers. By the year 2022, the Valley would make its final payment, which would be only 5 percent of the inflation-adjusted estimate in the CFA.

For purposes of making provisional monthly fiscal mitigation payments, the new city should use the California Department of Finance forecasts of the Consumer Price Index for the Los Angeles area. Once the actual inflation data are available, the new city should adjust its next payment for any overpayment or underpayment made due to differences between the forecast and the actual inflation.

Given that the Subcommittee previously adopted a staff recommendation that all such revenues be remitted to the third party fiscal agent, the mitigation payment would be taken out of the new city's property taxes by that fiscal agent and remitted to the City of Los Angeles.

²¹ Hamilton, Rabinovitz & Alschuler, Inc. *The Division of Service Cost Burdens Following Separation of the San Fernando Valley from the City of Los Angeles: An Independent Appraisal*. A report commissioned by the City of Los Angeles. May 13, 2002.

²² The State Controller recommended that the new city be required to pay fiscal mitigation based on revenues that would accrue to the new city. That approach would reduce the mitigation amount by

²³ Valley VOTE, *Recommended Terms and Conditions*, March 6, 2002.

²⁴ City of Los Angeles, *Special Reorganization of the San Fernando Valley, Harbor, and Hollywood—Objections to Recommendations of the LAFCO Subcommittee on Terms and Conditions*, April 2, 2002.

²⁵ Elk Grove initially paid Sacramento County 90 percent of its property tax revenues, with the share declining by 5 percent every five years, and in the 19th year being phased out at a rate of 10 percent annually.

TRANSITION PERIOD

EFFECTIVE DATE

The Commission must establish an effective date for the proposed city within nine months of the election approving the special reorganization.²⁶ The City of Los Angeles had proposed July 1, 2003, whereas the Applicant proposed that the new city incorporate on December 16, 2002 or January 1, 2003. In the draft resolution, the effective date is established as the July 1 after the election.

Pros:

- 1) There will be an additional six months of time for the new city to recruit a city manager and department heads, to conduct strategic planning and budgeting, and to prepare the ordinances of the new city.
- 2) The City of Los Angeles will be obligated to provide transition period services without service contracts for a twelve-month period rather than an eighteen-month period, reducing the City's exposure to a service obligation that is not defined by contract.
- 3) The City of Los Angeles will be able to redistrict and conduct city council elections between the special reorganization election and the effective date. If the effective date were January 1, the City of Los Angeles council members representing the special reorganization area would remain on the Council until March 2003.
- 4) The July 1 effective date will better accommodate the allocation of a share of the City's reserve funds to the new city. The City of Los Angeles predicts that it will not have reserves available for allocation to the proposed city on January 1, as the City is likely to be in a negative cash-flow position at that time of year.²⁷
- 5) The City of Los Angeles will be unencumbered by special reorganization when it issues and reimburses its fiscal year 2002-03 tax and revenue anticipation notes. The City of Los Angeles and the new city may separately issue and reimburse short-term debt in fiscal year 2003-04 and thereafter.
- 6) The July 1 effective date simplifies special reorganization from an accounting standpoint. There will be no need for the City to close its books in the middle of the fiscal year. The July 1 effective date eliminates the need for a property tax transfer from the City of Los Angeles to the new city, and eliminates the need for a business tax revenue offset to be computed and applied to the transition period service payment.

Cons:

- 1) A July 1 effective date gives the City of Los Angeles an eight-month window during which it may make policy decisions affecting the San Fernando Valley without accountability, whereas a January effective date limits that window to two months.
- 2) The new city would not be a legal entity, and would be unable to defend itself against a legal challenge by the City of Los Angeles between the election and the effective date.

²⁶ Government Code section 57202.

²⁷ City of Los Angeles. *Attachment: Fiscal Comments and Questions on the Valley Secession Draft Resolution of Determination and the LAFCO Executive Director's [sic] Report on Valley Secession Dated April 19, 2002*, May 15, 2002.

- 3) The new city would not exist as a legal entity, which would limit its ability to conduct negotiations with the City of Los Angeles between the election and the effective date.

The Executive Officer has evaluated the Applicant's concerns regarding a July 1 effective date, and continues to recommend a July 1 effective date. A January 1 effective date would have a negative fiscal impact on the proposed city by creating additional accounting transition costs, require the apportionment and crediting of revenue sources that would continue to flow to the City of Los Angeles, and create cash flow issues that are avoided by a July 1 effective date. The draft resolution has been structured to avoid long-term impacts of City of Los Angeles decisions, such as the issuance of debt, after the election date. Potential legal challenges prior to the effective date would likely be directed to the Commission's decision and defended by Legal Counsel.

TRANSITION PERIOD LENGTH

Although the Government Code provides that the transition period end at the end of the fiscal year during which incorporation takes place, the Commission has discretion over the length of the transition period. The City of Los Angeles has proposed that the transition period be no longer than one year, whereas the Applicant proposes that the transition period be eighteen to thirty months in length. The draft resolution establishes a twelve month transition period, from July 1 to June 30 of the following year.

The City of Los Angeles proposed that the transition period be limited in length to reduce the length of what the City predicts will be a contentious period. The City is concerned about potential conflict arising from a service obligation which is not defined by contract.

The Applicant proposed a longer transition period to provide an appropriate interval for the assessment, planning, research, recruitment, negotiation and transition necessary to establish the new city. The Applicant foresees negotiating service contracts, setting up departments, recruiting personnel and adopting a new city charter during the transition period.

The Executive Officer recommends that the transition period end date coincide with the end of the fiscal year. Further, the Executive Officer concurs with the City of Los Angeles that the transition period will be a time of uncertainty and potential conflict over service scope and payment, and thus seeks to limit that period of time. However, the Executive Officer considers the nineteen-month period between the election and the end of the transition period to be adequate time to accommodate negotiation of service contracts and the establishment of the new city.

The Executive Officer continues to recommend a twelve-month transition period that commences on the July 1 after the election and ends on the following June 30.

TRANSITION PERIOD SERVICE SCOPE

The draft resolution requires that the City of Los Angeles continue to provide all currently-provided services to the new city during the transition period. Although the Executive Officer's report recommended that the activities of the City's Department of Neighborhood Empowerment be outside the scope of transition period service, the Applicant subsequently proposed that the Department of Neighborhood Empowerment be included within the scope of transition period service requirements.²⁸ The City of Los Angeles has asked for clarification of the transition period service scope. The transition period service scope now includes all services currently provided.

²⁸ Valley Vote, *San Fernando Valley Special Reorganization Applicant Requests*, May 15, 2002.

The Executive Officer recommends that the transition period service scope include all services currently provided to the San Fernando Valley special reorganization area.

TRANSITION COST CONTROLS

The draft resolution includes a provision that imposes transition cost controls on the City of Los Angeles. The provision provides that the City of Los Angeles shall not be entitled to reimbursement for transition costs in excess of \$100,000 without the prior consent of the new cities.

The City of Los Angeles has argued that such consultation infringes upon the home rule authority of the City and will create unnecessary disputes. Further, “the City of Los Angeles has been forthright in identifying known transition costs at this time.”²⁹ While the City has identified categories of transition costs, the City has not identified all costs and certain estimates have been questioned.

For instance, the City Information Technology Agency’s \$16 million estimate of computer-related transition costs. The State Controller reviewed the estimate, found inadequate justification, and concluded that “the estimate of the potential costs of the Information Technology Department seems unreasonable.”³⁰

Upon further analysis, the Executive Officer has expanded the scope of reimbursable transition costs to include copying records and data, costs related to employee transfers, , recording deeds for property transfers, street easement quitclaim processing, accounting costs, information technology and computer reprogramming, and other similar one-time costs related to the special reorganization. However, given that there may be unknown costs involved and given the fact that the new cities will have to bear the burden of these costs, it is reasonable to require the City of Los Angeles to inform and obtain the concurrence of the new cities with respect to these costs. .

The Executive Officer continues to recommend that the transition cost control provision be included in the resolution.

TRANSITION SERVICE COST PAYMENT

Consistent with Government Code section 57384 the draft resolution provides that the new city shall reimburse the City of Los Angeles for the total actual direct and indirect costs of transition period services, except that the definition of “net costs” should not exclude cost to be paid from special funds that have been transferred to the new city. Transition period service costs area also offset by any revenues generated in the new city during the transition period that are retained by the City of Los Angeles, including first quarter sales tax. The City of Los Angeles has asked for clarification of the sales tax revenue offset for the first quarter of the transition period. The Board of Equalization has informed the Executive Officer that it will be unable to process the new city’s application in a one-day period, and that the new city’s sales tax allocation in the first quarter of the transition period will be remitted to the City of Los Angeles. Thus, the City of Los Angeles will be directly receiving the new city’s sales tax payment in the first quarter of the transition period. The sales tax offset is designed to ensure that sales tax revenues generated in the San Fernando Valley after the effective date are credited toward transition period service costs.

²⁹ City of Los Angeles, *Special Reorganization of the San Fernando Valley, Harbor, and Hollywood—Objections to Recommendations of the LAFCO Subcommittee on Terms and Conditions*, April 2, 2002.

³⁰ California State Controller, *California State Controller’s Review of the Proposed San Fernando Valley Special Reorganization Comprehensive Fiscal Analysis*, April 2002.

BUDGETED GRANT FUNDS

The draft resolution requires the City of Los Angeles to allocate budgeted grant funds to the new city during the transition period. The Executive Officer has reviewed the budgeted entitlement grants, and determined that the granting agencies are not likely to allocate funds directly to the new city during the transition period. Thus, the Executive Officer has recommended that in lieu of a direct allocation by the granting agencies or any other legal prohibitions or requirements, these grant funds be allocated to the new city during this interim period.

The City of Los Angeles has asked for clarification of the provision allowing the City to transfer funds directly to the fiscal agent or to credit the grant funds toward the transition period service cost. The provision requires the City of Los Angeles to transfer the appropriate share of budgeted grant funds directly to the third party fiscal agent, or to deduct the appropriate share of budgeted grant funds from the transition service cost invoice. This provision would allow the City to deduct the Housing and Urban Development ("HUD") grant administration allocation from the Community Development Department's cost of administering grants in the San Fernando Valley during the transition period.

The City argued that HUD grant apportionments be determined by HUD formula rather than the proportion of low and moderate income households in the San Fernando Valley. The Executive Officer notes that at least 70 percent of HUD grant funds are required to benefit the low and moderate income population, and that any HUD directives on transition period grant allocations would, by the terms of the draft resolution, supercede the resolution.

The Applicant proposed that the new city begin applying for grants in 2004, and that the City of Los Angeles provide grant administration services through the end of calendar year 2004. The Executive Officer notes that the new city could receive HUD grants directly as early as April 2004, if it were to begin applying for grant funds soon after the effective date. Further, the resolution does not prevent the new city from contracting with the City of Los Angeles for grant administration services after the transition period.

The Applicant argued that the provision should include competitive grants as well as entitlement grants. The Executive Officer notes that the new city may appeal directly to granting agencies as to the appropriateness of a requirement that competitive grant funds be expended in the San Fernando Valley during the transition period.

The Executive Officer continues to recommend that the City of Los Angeles be required to allocate directly or through a credit towards the transition period service payment a proportionate share of budgeted entitlement grant funds unless and until the granting agencies direct otherwise.

OFF-BUDGET GRANT FUNDS

Most entitlement grant funds received by the City are excluded from the City's budget, because they are essentially pass-through funds allocated to non-profit social service providers. The draft resolution does not require the City of Los Angeles to transfer off-budget grant funds to the new city, but does require that the City of Los Angeles continue to provide social services through grant funds in the new city unless instructed otherwise by the granting agency.

The City of Los Angeles did not express opposition to this provision.

The Applicant expressed concern that the provision should include both competitive and entitlement grants. The resolution provision is not limited to entitlement grants, and requires the

City of Los Angeles to continue to provide grant funding to social service providers in the San Fernando Valley throughout the transition period.

The Applicant expressed concern that the provision should extend through the end of calendar year 2004 instead of sunseting on June 30, 2004. The Executive Officer notes that the new city could apply for HUD entitlement grants for receipt in April 2004. The resolution does not prevent the new city from requesting grant allocation extensions from the granting agency directly, in the event that the granting agency is unable to allocate funds to the new city by the end of the transition period.

The Executive Officer continues to recommend that the City of Los Angeles be required to maintain off-budget grant funding for social service providers located in the San Fernando Valley throughout the transition period. Any transition period grant allocation instructions by the granting agency would, by the terms of the draft resolution, supercede the resolution.

FISCAL AGENT PAYMENT PRIORITIES

The resolution includes a provision that establishes the payment priority scheme to be followed by the third party fiscal agent. This provision establishes as first priority the new city's payments to the City of Los Angeles for outstanding debt, as second priority the new city's payments to creditors for the new city's direct debts, as third priority the fiscal mitigation payment, as fourth priority the new city's payment of transition period services, as fifth priority the new city's transition cost payments, and as sixth priority the new city's operating costs. The first priority is required to ensure that the rights of City of Los Angeles bondholders are not impaired, and that the credit rating of the City of Los Angeles is not impaired. The second priority is required to ensure that the new city may issue debt such as tax and revenue anticipation notes with adequate assurances that bond-holders will be repaid.

The City of Los Angeles has asked that transition costs be ranked above transition period service costs in the payment priority scheme. The Executive Officer has accommodated this request. In addition, the City of Los Angeles has proposed that payments for any debt issued by the new city be reduced to the last priority of payment. The Executive Officer recommends against this proposal as it would limit the new city's ability to issue short-term debt that might reasonably be used by the new city to make its debt payments, fiscal mitigation payment or transition period service payment. The Executive Officer considers the new city's access to creditors to be critical to accommodate the cash flow needs of both cities.

The Applicant's bond counsel requested that the new city's debt payments be given equal priority as its debt payments to the City of Los Angeles. The Executive Officer rejects this proposal and continues to recommend that debt payments to the City of Los Angeles be ranked top priority in order to provide the strongest protection possible to existing bond-holders and the City's credit rating.

In conclusion, the Executive Officer has revised his recommendation to accommodate the City of Los Angeles request that transition costs be ranked at a higher payment priority level than transition period service costs.

ADVANCE PAYMENTS

The resolution includes a provision that prevents the City of Los Angeles from demanding advance payments for the City's debt, as the City had originally proposed to do. The provision would require

the City of Los Angeles to credit the new city for interest on payments made more than one week in advance.

The City of Los Angeles has proposed that it should be allowed to require advance payments from the new city if the new city does not pay in a timely manner. The Executive Officer notes that the resolution authorizes the City of Los Angeles to reduce service levels in the new city if the new city is more than 30 days late in making a transition period service payment. There is no risk of late payments for City of Los Angeles debt as those payments receive top priority in the payment scheme.

The City of Los Angeles has asked that reasonable interest expenses be more specifically defined based upon the City of Los Angeles general pool investment yield. The Executive Officer has accommodated this proposal.

The Executive Officer continues to recommend that advance payments require compensation for lost interest.

EMPLOYEES

The resolution includes two provisions relating to employees. With respect to employee transfers, both the City of Los Angeles and the new city are required to comply with the provisions of Government Code section 56844.2. This requires the parties to honor collective bargaining agreements, and existing retirement benefits, and to meet and confer with the unions representing any transferred employees. More specifically the statute requires the following:

- b. All public employees to which Chapter 10 (commencing with Section 3500) of Division 4 of Title 1 applies shall continue to be deemed public employees of the original local agency or of the newly incorporated local agency for all the purposes of that chapter, including, but not limited to, the continuation and application of any collective bargaining agreement that applies to these employees, and all representational and collective bargaining rights under that chapter.
- c. Any existing collective bargaining agreement shall remain in effect and be fully binding on the original local agency or on the newly incorporated local agency, and on the employee organizations that are parties to the agreement for the balance of the term of the agreement, and until a subsequent agreement has been established.
- d. Any existing retiree benefits, including, but not limited to, health, dental, and vision care benefits, shall not be diminished.
- e. Notwithstanding any other provision of law, an employee organization that has been recognized as the exclusive representative of local agency public employees affected by a special reorganization shall retain exclusive representation of the unit employees of the original local agency, or of the newly incorporated local agency.

The City of Los Angeles has proposed that the new city pay for accrued vacation and sick leave of transferred employees. The Executive Officer notes that it is unnecessary to “cash out” the compensated time off of transferred employees. In order to accommodate this need, the new city shall accept responsibility and liability for accrued vacation, sick leave and other compensated time-off for City of Los Angeles employees who transfer to the new city as part of a transfer in service responsibility from the City of Los Angeles to the new city.

The City of Los Angeles has noted that the resolution does not provide a solution to mitigate fiscal harm to sworn Police and Fire employees who are not vested in the pension system. The Executive Officer notes that the City of Los Angeles has the power to prevent fiscal harm to unvested police officers and firefighters by amending its charter to allow the new city to participate in the City of Los Angeles Fire & Police Pension Fund.

The Applicant proposed that the resolution require reciprocity between the pension systems of the City of Los Angeles and the new city for any transferred police and fire personnel. The Applicant has argued that the Commission is authorized by law to specify such a requirement in the resolution.

The Executive Officer continues to recommend that the City of Los Angeles be allowed to resolve the pension portability problem for police officers and fire fighters, and recommends against the Commission imposing a term and condition on this matter.

The Applicant proposed that the Commission impose the City of Los Angeles civil service system upon the new city for any employees who transfer from the City of Los Angeles to the new city.

The Executive Officer considers this policy decision to be an appropriate decision of the elected officials of the new city.

ASSETS

With respect to assets, the Commission has received differing legal opinions regarding the Commission's authority to transfer assets. The legal opinion of the County of Los Angeles Office of the County Counsel ("County Counsel"), the Commission's legal advisor, concluded that the Commission could only transfer proprietary assets of the City of Los Angeles subject to the payment of compensation or consent of the City, but could transfer assets held subject to a public trust without compensation.³¹ The legal opinion of the California Legislative Counsel ("Legislative Counsel") concluded that the Commission has the discretion to allocate assets either with or without compensation.³²

To the extent that these opinions conflict with respect to the manner in which the Commission may handle the transfer of assets, staff provided dual recommendations for the Subcommittee's consideration. Where there was no conflict in the legal opinions or where, because of other considerations, staff recommended a particular course of action, only one recommendation was provided to the Subcommittee.

LEGAL OPINIONS

The County Counsel's legal opinion concluded that the Commission was not authorized to transfer proprietary property of the City of Los Angeles to a Valley city without compensation or the consent of the existing city. The County Counsel concluded, however, that assets held pursuant to a public trust, such as pueblo lands, roads, highways, donated parks and donated libraries, may be transferred without compensation.

The Legislative Counsel's legal opinion concluded that the Commission has the discretion to order a transfer of assets from the City of Los Angeles to a proposed new city as a condition of approving a special reorganization, with or without compensation. The Legislative Counsel believes that it was the intent of the Legislature to leave the decision as to whether or not to require compensation to the Commission, and did not identify any constitutional restrictions on the Commission's authority to transfer assets without compensation.

TRUST ACCOUNT FUNDS & LIQUID ASSETS

The City of Los Angeles requested that fund balances available for transfer be defined as the fund balance net of reversions, required re-appropriations, outstanding loans and encumbrances. The draft resolution allocates fund balances net of outstanding loans, encumbrances and re-appropriations required for capital improvements.

LOCAL SERVICE-RELATED ASSETS

The City of Los Angeles objects to the transfer of assets without compensation from the new city. The Executive Officer notes that the City of Los Angeles engaged in negotiations with the Applicant regarding which specific facilities would transfer to the new city, and provided a list of transferable facilities to the Executive Officer.

³¹ County of Los Angeles, Office of the County Counsel, *Authority to Require the Transfer of Assets as Terms and Conditions of the Proposed Special Reorganizations*, November 21, 2001.

³² California Legislative Counsel Opinion No. 128, *Special Reorganizations: Division of Assets*, January 8, 2002.

ENTERPRISES

UTILITIES

Utility Rates

The City of Los Angeles continues to object to a resolution provision that prevents the City of Los Angeles from charging higher utility rates to San Fernando Valley customers than it would charge equivalent customers in the remaining City of Los Angeles. This provision does not involve utility rate-setting on the part of LAFCO and does not prevent the City from recouping its costs of providing utility service.

The City of Los Angeles objects to the resolution provision and alleges that it would require ratepayers in the remaining City to subsidize ratepayers in the Valley through payment of a DWP franchise fee in the Valley. The Executive Officer acknowledges that if the Valley imposes a franchise fee on utility usage, that would limit the City of Los Angeles "Power Revenue Transfer" fee imposed on Valley ratepayers to no more than two percent less than the corresponding fee charged to ratepayers in the remaining City of Los Angeles. The Executive Officer does not concur with the City's conclusion that ratepayers in the remaining City would subsidize Valley ratepayers. In fact, the provision does not prevent the City from continuing to impose "Power Revenue Transfer" charges on Valley ratepayers, thus Valley ratepayers would be effectively subsidizing the City of Los Angeles general fund.

LIABILITIES

GENERAL FUND LEASE OBLIGATIONS AND CERTIFICATES OF PARTICIPATION

The Convention Center bonded indebtedness is a lease obligation debt that is paid partly by Convention Center operating revenues and partly by the City of Los Angeles general fund. The draft resolution provides for the City of Los Angeles to continue to own and operate the Convention Center; thus, the City of Los Angeles will control the Center's revenue stream.

The City of Los Angeles alleges that the draft resolution inaccurately apportions bonded indebtedness relating to the Convention Center, and alleges that Convention Center operating revenues do not pay for debt service. The Executive Officer encourages the City to review the Mayor's proposed fiscal year 2003-04 budget in which the lease obligation to the Convention Center exceeds the general fund source of funds for each of four fiscal years reflected on pages 58-59.

Although the Executive Officer's report and draft resolution had already provided that the new city only bear obligation for the general fund component of Convention Center debt, the provision has been further clarified.

MISCELLANEOUS PROVISIONS

PROPOSITION K ASSESSMENT DISTRICT

AUDIT RIGHTS

The City of Los Angeles requested reciprocal audit rights of the new city and its fiscal agent. The draft resolution accommodates this request.

PROVISIONAL APPROPRIATIONS LIMIT

The Executive Officer has calculated the provisional appropriations limit of the new city as \$1.350 billion. This provisional limit is based upon the new city's projected revenues of \$1.173 billion in the base year, as well as inflation and population growth that is expected to occur between the base year and fiscal year 2004-05. The California Department of Finance has forecast 4.7 percent population growth in Los Angeles County will occur between year 2000 and 2005.³³ Given that the San Fernando Valley population estimate is based on 2000 Census data, this forecast adjusts for population growth through fiscal year 2004-05. Based on a combination of empirical data from the U.S. Bureau of Labor Statistics and inflation forecasts issued by the California Department of Finance, inflation between January 2001 and January 2005 is estimated at 10 percent. Given that the base year is fiscal year 2000-01, this inflation figure adjusts for inflation between the base year and the middle of fiscal year 2004-05.

³³ State of California, Department of Finance, *Interim County Population Projections*. Sacramento, California, June 2001

San Fernando Valley Special Reorganization Area Revenue Allocations
Current Revenues of the City of Los Angeles
(Amounts in FY 2000-01 dollars)

	<u>Executive Officer Estimates</u>				<u>CFA Estimates</u>	
	Recommended Boundaries (1)				Applicant Boundaries	
	Based on LA City Actual Revenues (2)		Based on LA City Budgeted Revenues		Based on LA City Budgeted Revenues	
	%	\$	%	\$	%	\$
TOTAL RECEIPTS	26.74%	1,174,478,876	25.66%	1,105,623,113	24.70%	1,064,150,092
<u>General Fund Revenues</u>	31.06%	975,587,987	31.00%	909,270,876	30.77%	902,483,089
Property Tax	36.31%	213,630,835	36.31%	206,075,242	36.56%	207,478,000
Utility Users Tax	36.24%	201,998,722	36.10%	181,816,665	36.29%	182,762,228
Licenses, Permits, Fees & Fines	23.51%	101,487,334	22.88%	89,578,713	22.91%	89,686,680
Sales Tax	45.04%	160,892,941	45.04%	152,096,927	45.70%	154,325,701
Business Tax	30.79%	106,094,042	30.79%	99,037,445	31.00%	99,720,922
State Motor Vehicle License Fees (3)	36.53%	73,468,352	36.53%	72,842,017	35.88%	71,537,544
Power Revenue Transfer	0.00%	-	0.00%	-	0.00%	-
Transient Occupancy Tax	15.68%	17,023,049	15.68%	16,248,380	15.68%	16,248,380
Municipal Court Fines	12.97%	12,543,235	12.97%	12,338,067	13.00%	12,363,000
Documentary Transfer Tax (4)	39.92%	34,187,569	39.92%	35,129,853	40.01%	35,208,800
Parking Users Tax	8.38%	4,981,805	8.38%	4,448,399	8.43%	4,477,726
Franchise Income (5)	27.63%	14,479,763	28.63%	12,787,553	28.81%	12,868,954
Interest	31.06%	9,819,223	31.00%	7,448,680	30.77%	7,393,416
Water Revenue Transfer	0.00%	-	0.00%	-	0.00%	-
Grant Receipts	26.80%	4,907,338	26.80%	4,214,393	26.88%	4,226,880
Transfer from Reserve Fund	31.06%	5,132,680	31.00%	5,122,765	0.00%	-
State Budget Relief	36.31%	5,244,907	NA	-	NA	-
Tobacco Settlement	31.06%	2,974,921	31.00%	3,131,000	0.00%	-
Transfer of Reserve Fund Loan	31.06%	2,484,800	31.00%	2,480,000	0.00%	-
Transfer from Telecomm. Dev. Account	43.76%	1,994,839	43.76%	2,002,499	43.01%	1,968,439
Transfer from Reserve Fund--MICLA funds	31.06%	1,242,400	NA	-	NA	-
Residential Development Fee	26.24%	594,858	26.24%	406,646	26.33%	408,119
Civic Center Parking Income	0.00%	-	0.00%	-	0.00%	-
Transit Shelter Income	32.72%	404,375	32.72%	572,576	33.00%	577,500

San Fernando Valley Special Reorganization Area Revenue Allocations
Current Revenues of the City of Los Angeles
(Amounts in FY 2000-01 dollars)

	<u>Executive Officer Estimates</u>				<u>CFA Estimates</u>	
	Recommended Boundaries (1)				Applicant Boundaries	
	Based on LA City Actual Revenues (2)		Based on LA City Budgeted Revenues		Based on LA City Budgeted Revenues	
	%	\$	%	\$	%	\$
Los Angeles Mall Rental Income	0.00%	-	0.00%	-	0.00%	-
Capital Finance Admin. Transfer	NA	NA	31.00%	1,240,000	30.77%	1,230,800
Special Purpose Fund Revenues	16.77%	198,890,889	15.70%	174,653,137	14.53%	161,667,003
Sewer Construction and Maintenance Fund	0.00%	-	0.00%	-	0.00%	-
Special Gas Tax Street Improvement Fund	36.53%	44,320,442	36.53%	35,939,739	35.88%	35,296,122
Proposition A Local Transit Assistance Fund	36.53%	27,193,395	36.53%	22,066,769	36.62%	22,118,553
San. Equipment Charge Special Revenue Fund	40.86%	19,527,848	40.86%	19,491,697	41.00%	19,556,918
Street Lighting Maintenance Assessment Fund	18.67%	8,453,715	18.67%	8,371,121	18.75%	8,408,813
Community Development Trust Fund	24.92%	10,974,170	24.92%	7,275,408	25.00%	7,298,906
Proposition C Anti-Gridlock Transit Impr. Fund	36.53%	12,593,721	36.53%	17,312,492	36.62%	17,353,119
Stormwater Pollution Abatement Fund	47.93%	15,045,661	47.93%	14,470,895	48.00%	14,491,237
Convention Center Revenue Fund	0.00%	-	0.00%	-	0.00%	-
Local Public Safety Fund	36.31%	10,910,151	36.31%	10,247,477	0.00%	-
Special Parking Revenue Fund	12.25%	3,103,160	12.25%	2,969,543	12.57%	3,045,407
Zoo Enterprise Trust Fund	0.00%	-	0.00%	-	0.00%	-
Schedule 29 Allocations from other sources	26.80%	4,994,139	26.80%	3,778,305	26.88%	3,789,501
Traffic Safety Fund	36.53%	6,045,807	36.53%	6,576,168	36.62%	6,591,600
L. A. Conv. and Visitor's Bureau Trust Fund	15.68%	2,559,087	15.68%	2,499,703	0.00%	-
Spec. Police Communications/911 System Tax	0.00%	-	0.00%	-	0.00%	-
Job Training Partnerships Act Trust Fund	24.92%	2,940,884	NA	-	NA	-
Workforce Investment Act	24.92%	2,807,564	24.92%	2,896,334	25.00%	2,905,689
Arts and Cul. Fac. and Services Trust Fund	15.69%	1,393,312	15.69%	1,259,979	15.68%	1,259,262
Supplemental Law Enforcement Services	36.53%	3,124,614	36.53%	3,082,396	36.62%	3,089,629
Reserve for Extraordinary Liability Claims	0.00%	-	0.00%	-	0.00%	-
Rent Stabilization Trust Fund	21.04%	1,750,019	21.04%	1,430,537	21.09%	1,433,802
Local Law Enforcement Block Grant Fund	27.47%	2,251,996	27.47%	2,429,542	27.55%	2,436,532

San Fernando Valley Special Reorganization Area Revenue Allocations
Current Revenues of the City of Los Angeles
(Amounts in FY 2000-01 dollars)

	<u>Executive Officer Estimates</u>				<u>CFA Estimates</u>	
	Recommended Boundaries (1)				Applicant Boundaries	
	Based on LA City Actual Revenues (2)		Based on LA City Budgeted Revenues		Based on LA City Budgeted Revenues	
	%	\$	%	\$	%	\$
CERS - Airport Revenue	0.00%	-	0.00%	-	0.00%	-
Code Enforcement Trust Fund	25.67%	1,863,201	25.67%	1,771,243	25.75%	1,776,766
Spec. Fire Safety and Para. Communications	0.00%	-	0.00%	-	0.00%	-
Forfeited Assets Trust Fund	36.53%	2,289,137	36.53%	55,532	36.62%	55,662
Procurement Reengineering Trust Fund	0.00%	-	0.00%	-	0.00%	-
Mobile Source Air Pollution	36.53%	2,057,912	36.53%	2,075,990	36.62%	2,080,862
Affordable Housing Trust Fund	33.92%	1,731,328	NA	-	NA	-
Building and Safety Sys. Devel. Trust Fund	38.93%	1,817,285	38.93%	1,537,636	39.00%	1,540,500
HOME Investment Partnerships Program Fund	24.92%	1,126,025	24.92%	1,080,859	25.00%	1,084,350
Street Damage Restoration Fee Fund	26.80%	1,199,377	26.80%	268,006	26.88%	268,800
Telecom. Liq. Dam. and Lost Franchise Fees	43.76%	1,882,136	43.76%	1,498,239	43.83%	1,500,627
Staples Arena Special Fund	0.00%	-	0.00%	-	0.00%	-
El Pueblo de Los Angeles Hist. Mon. Rev.	0.00%	-	0.00%	-	0.00%	-
Household Hazardous Waste Special Fund	36.53%	803,599	36.53%	758,451	36.62%	760,231
Arts Development Fee Trust Fund	36.53%	725,603	36.53%	263,777	36.62%	264,396
City Employees Ridesharing Fund	1.23%	22,457	1.23%	30,460	1.32%	32,788
Major Projects Review Trust Fund	7.29%	133,025	7.29%	363,519	7.38%	368,036
Landfill Maintenance Special Fund	36.53%	643,275	36.53%	555,686	36.62%	556,990
Older Americans Act Fund	0.00%	-	0.00%	-	0.00%	-
Municipal Housing Finance Fund	33.92%	562,739	33.92%	333,954	34.00%	334,696
Neighborhood Empowerment Fund	31.06%	492,218	NA	-	NA	-
Local Transportation Fund	36.53%	538,981	36.53%	621,082	36.62%	622,540
Community Services Administration Grant	24.92%	347,219	24.92%	376,276	25.00%	377,491
City Ethics Commission Fund	26.80%	305,133	26.80%	308,532	26.88%	309,446
Park and Recreational Sites and Facilities Fund	26.25%	294,874	26.25%	223,129	26.33%	223,807
Housing Opportunities for Persons with AIDS	24.92%	65,677	24.92%	66,572	25.00%	66,788

San Fernando Valley Special Reorganization Area Revenue Allocations
Current Revenues of the City of Los Angeles
(Amounts in FY 2000-01 dollars)

	<u>Executive Officer Estimates</u>		<u>CFA Estimates</u>	
	Recommended Boundaries (1)		Applicant Boundaries	
	Based on LA City Actual Revenues (2)	Based on LA City Budgeted Revenues	Based on LA City Budgeted Revenues	
	% \$	% \$	% \$	
CERS - Harbor Revenue	NA -	0.00% -	0.00% -	
Rental Housing Production Fund	NA -	27.47% 357,100	27.55% 358,127	
Bicycle License Fund	NA -	36.53% 8,987	36.62% 9,009	
Disaster Assistance Trust Fund	0.00% -	0.00% -	0.00% -	
<u>Special Purpose Fund Balances</u>	NA NA	10.88% 21,699,100	0.00% -	
<u>Bond Redemption & Interest Fund</u>	0.00% -	0.00% -	0.00% -	

Notes:

- (1) Originally proposed boundaries without the eastern portion of the Cahuenga Pass neighborhood.
- (2) Actual City of Los Angeles receipts for fiscal year 2000-01 were 2% higher than receipts anticipated in the City's adopted budget.
- (3) State motor vehicle license fees (VLF) reflect the portion of the City's current VLF revenues that would accrue to the proposed city. Additional VLF revenues would accrue to the proposed city following special reorganization due to a state funding formula that favors newly incorporated cities during their early years. This additional VLF "boost" is reflected in the fiscal viability computations.
- (4) Documentary transfer tax (DTT) estimates reflect the portion of the City's current DTT receipts that are generated in the Valley. Because the proposed city would lack the authority to levy a DTT at the rate currently levied by the City of Los Angeles, the proposed city would not actually receive all the current DTT revenue.
- (5) Franchise income estimates reflect the portion of franchise fees currently generated in the proposed special reorganization area, and do not include potential revenues the proposed city would earn by levying a franchise fee on electric or water utility providers.

RESOLUTION OF THE LOCAL AGENCY FORMATION
COMMISSION FOR LOS ANGELES COUNTY MAKING
DETERMINATIONS FOR APPROVAL OF THE SAN FERNANDO
VALLEY SPECIAL REORGANIZATION

WHEREAS, as used in this Resolution, the following terms shall mean:

“Applicant” is the Valley Study Foundation, Inc.;

“Commission” is the Local Agency Formation Commission for Los Angeles County;

“County” is the County of Los Angeles;

“Debt Service Schedule” is the debt service schedule prepared by the City of Los Angeles in accordance with condition 20;

“Effective Date” shall be the July 1st immediately following the Election, if the San Fernando Valley Special Reorganization is approved by the voters in accordance with condition 1;

“Election” consists of both the elections on the question of San Fernando Valley Special Reorganization and for the City Council and Mayor of the proposed new city as set forth in condition 6;

“Executive Officer” is the Executive Officer of the Commission;

“General Fund Proportionate Share” is 31.06 percent, representing the Special Reorganization Area’s contribution to the City of Los Angeles General Fund, as set forth in the Executive Officer’s Report issued April 24, 2002;

“Petition” is the original petition certified as a sufficient petition on March 15, 1999;

“Proposal” is the proposal for special reorganization of the San Fernando Valley area of the City of Los Angeles, consisting of the detachment of the Special Reorganization Area from the City of Los Angeles and the incorporation of the entire detached territory as a city;

“San Fernando Valley Special Reorganization” is the short-form designation given this Proposal;

“Special Reorganization Area” is the area described in Exhibit A (legal description) and shown on Exhibit B (map), which are attached hereto and by this reference incorporated herein. This territory is a modification of the originally proposed boundaries. In the event of any conflict between Exhibit A and Exhibit B, Exhibit A shall control;

“Transition Period” commences upon the Effective Date and terminates on the following June 30th; and

WHEREAS, the Petition was submitted to the Commission pursuant to the Cortese-Knox Local Government Reorganization Act of 1985 (the “Cortese-Knox Act”) and all amendments thereto up to that time, and has been processed pursuant to the Cortese-Knox Act and all references herein to the Government Code are to the former Government Code provisions of the Cortese-Knox Act;¹ and

¹ The Cortese-Knox Act was amended by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the “Hertzberg Act”), which became effective January 1, 2001. The proposal for San

WHEREAS, on December 15, 1998, the Executive Officer submitted the Petition to the County of Los Angeles Registrar-Recorder for verification that sufficient registered voters within the applicable area signed the Petition, and the Registrar-Recorder found that the requisite number of valid signatures were affixed to the Petition; and

WHEREAS, the Executive Officer has examined the Petition and executed his Certificate of Sufficiency in accordance with law; and

WHEREAS, at the times and in the substantial form and manner provided by law, the Executive Officer has given notice of public hearings by this Commission upon the Proposal; and

WHEREAS, the Commission has held 68 public hearings on the Petition and the Proposal; and

WHEREAS, the Commission's Subcommittee on Findings, Terms and Conditions held public hearings on the Petition and Proposal; and

WHEREAS, the Executive Officer facilitated 12 negotiation sessions with the Applicant and the City of Los Angeles; and

WHEREAS, the *San Fernando Valley Proposal for Special Reorganization Comprehensive Fiscal Analysis* was issued on January 9, 2002; and

WHEREAS, the *San Fernando Valley Proposal for Special Reorganization Supplemental Report* was issued on February 21, 2002; and

WHEREAS, the *California State Controller's Review of the Proposed San Fernando Valley Area Special Reorganization Comprehensive Fiscal Analysis* was issued on April 2, 2002; and

WHEREAS, the *Special Reorganization of the San Fernando Valley Executive Officer's Report* was issued on April 24, 2002; and

WHEREAS, the *Special Reorganization of the San Fernando Valley Executive Officer's Supplemental Report* was issued on May 21, 2002; and

WHEREAS, the *Final Environmental Impact Report for Special Reorganization of the San Fernando Valley Area* was issued on May 22, 2002; and

WHEREAS, the Executive Officer has reviewed all available information and prepared reports, including recommendations, and presented the findings, reports and related information to the Commission, which were then considered by the Commission; and

WHEREAS, at the public hearings the Commission heard and received all oral and written protests, objections, all oral and written evidence which was made, presented or filed, and persons present were given an opportunity to hear and be heard in respect to any matter relating to these hearings.

NOW, THEREFORE, the Local Agency Formation Commission for Los Angeles County does hereby find, determine, resolve and order as follows:

Fernando Valley Special Reorganization was accepted for filing prior to the Hertzberg Act's effective date, and therefore, pursuant to the provisions of the Hertzberg Act it is being processed under the prior law.

- A. The Special Reorganization Area is inhabited, with a population of approximately 1.35 million based on 2000 Census data.
- B. The Commission has considered all relevant factors set forth in Government Code Section 56841 and all other relevant factors in reaching its conclusions regarding the Proposal, and based thereon finds that the proposed San Fernando Valley Special Reorganization:
 - 1. Will not have a significant adverse social and economic impact upon any particular communities or groups in the Special Reorganization Area or the remaining City of Los Angeles or any other adjacent areas, and does not have a significant adverse impact on the local governmental structure of the County of Los Angeles;
 - 2. Will result in the creation of an entity with the capability to provide efficient municipal services to the affected population;
 - 3. Conforms to planned, orderly, and efficient patterns of urban development;
 - 4. Will not effect the physical and economic integrity of agricultural lands, as defined by Government Code section 56016, or result in the conversion of prime agricultural land in open space use to other uses;
 - 5. Has definite and certain boundaries that conform to lines of assessment and ownership, and does not create any islands of City of Los Angeles territory within the Special Reorganization Area and does not create any islands of unincorporated territory that did not already exist; and
 - 6. Is consistent with the general and specific plans of the City of Los Angeles and the County of Los Angeles.
- C. Pursuant to Government Code section 56375.1, and based upon the entire record, the Commission finds that:
 - 1. The San Fernando Valley Special Reorganization is consistent with the intent of the Cortese-Knox Act, and the policies of Government Code sections 56001, 56300, 56301, and 56377, in that the San Fernando Valley Special Reorganization:
 - a. Expresses a logical modification of the boundaries of the City of Los Angeles for the creation of a new city by generally following the geographic boundaries of the San Fernando Valley taking into consideration the requests of property owners to be excluded from or included within the Special Reorganization Area and the agreement of the Applicant to modifications of the original boundaries of the Proposal consistent with those requests;
 - b. Weighs the total community service needs of the Special Reorganization Area and the remaining City of Los Angeles against the total financial resources available for securing community services and establishes appropriate community service priorities in both areas that reflect local circumstances, conditions, and the limited financial resources of both areas;

- c. Encourages and provides planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open-space lands within those patterns;
 - d. Discourages urban sprawl and encourages the orderly development of the Special Reorganization Area and the remaining City of Los Angeles based upon local conditions and circumstances; and
 - e. Is not reasonably expected to induce, facilitate, or lead to the conversion of existing open-space lands to uses other than open-spaces because the Special Reorganization Area is already urbanized and developed, and the Proposal does not contemplate significant new development or any material alteration to the general plan and zoning ordinances currently in effect.
2. The Commission has reviewed and considered the spheres of influence of the local agencies affected by the Proposal. The Proposal is consistent with the sphere of influence of the City of Los Angeles as the City of Los Angeles will continue to be the primary service provider through the end of the Transition Period. Pursuant to Government Code section 56426.5, the Commission will determine the sphere of influence of the new city within one year of the Effective Date.
 3. The Commission has reviewed and considered the Comprehensive Fiscal Analysis prepared pursuant to Government Code section 56833.1, and its supplement.
 4. The Commission has reviewed and considered the State Controller's Report prepared pursuant to Government Code section 56833.3.
 5. The Commission has reviewed and considered the Executive Officer's Report and its supplement and the recommendations of the Executive Officer prepared pursuant to Government Code section 56833, and the testimony presented at the public hearings held on the Proposal.
 6. Based upon the analysis set forth in the Executive Officer's Report and its supplement, the Commission finds that the proposed city is expected to receive revenues sufficient to provide public services and facilities and a reasonable reserve during the three fiscal years following incorporation.
- D. The Commission has reviewed the boundaries of the Special Reorganization Area for definiteness and certainty and has determined that the same are definite and certain.
- E. In accordance with Government Code section 56852.3, the Commission hereby accepts the findings of the Comprehensive Fiscal Analysis and its supplement, with respect to the financial viability of the new city and the fiscal impact on the City of Los Angeles, except to the extent that the fiscal calculations therein have been updated, amended or clarified through more accurate and up-to-date data, as set forth in the Executive Officer's Report and its supplement, for the reasons stated therein. In accordance with Government Code section 56852.3, the Commission hereby accepts the findings and recommendations of the Executive Officer's Report, as modified by its supplement, including, but not limited to, those findings and

recommendations with respect to the financial viability of the new city and the fiscal impact on the City of Los Angeles.

- F. The Commission, through its Executive Officer, conducted an Initial Study of the Petition and the Proposal and has caused an Environmental Impact Report (EIR) on the San Fernando Valley Special Reorganization to be prepared in accordance with the provisions of the California Environmental Quality Act (CEQA). The Commission hereby certifies that the Final EIR on the San Fernando Valley Special Reorganization has been completed in compliance with CEQA and the State CEQA Guidelines and reflects the independent judgment and analysis of the Commission. The Commission hereby adopts the mitigation measures identified in the Final EIR and set forth in the Mitigation Monitoring and Reporting Program attached hereto as Exhibit C, which is incorporated herein by this reference, and includes the identified mitigation measures as conditions of approval of the San Fernando Valley Special Reorganization. The Commission finds, pursuant to Public Resources Code section 21081.6, that the Mitigation and Monitoring Reporting Program is adequately designed to ensure compliance with the mitigation measures. The Commission hereby adopts the CEQA Findings of Fact for the Final EIR for the San Fernando Valley Special Reorganization attached hereto as Exhibit D, which are incorporated herein by this reference and determines that the significant environmental effects of the Proposed Project, as identified in the Final EIR have been avoided or substantially lessened through the changes or alterations that have been required or incorporated into the Proposed Project through this Resolution. The Commission further finds, based upon the Final EIR, that the Proposed Project is *de minimus* in its effect on fish and wildlife resources. Therefore, the Proposed Project is exempt from State Department of Fish and Game fees pursuant to Section 711.2, *et seq.*, of the California Fish and Game Code.
- G. The Commission finds that revenues currently received by the City of Los Angeles for services which, but for the operation of Government Code section 56845, would accrue to the proposed city are not substantially equal to the expenditures currently made by the City of Los Angeles for those services which will be assumed by the proposed city. The Commission has proposed condition 17 to mitigate the negative fiscal effect on the City of Los Angeles through the annual payment of monies over a fixed period of time. The Commission finds that this condition adequately mitigates the negative fiscal effect on the City of Los Angeles. The Commission finds pursuant to Government Code Section 56845(a) that the incorporation is not occurring for primarily financial reasons.
- H. Subject to the conditions set forth herein, the San Fernando Valley Special Reorganization, is hereby approved as follows:
1. Subject to confirmation by the voters of the City of Los Angeles and the Special Reorganization Area in accordance with Government Code section 57176.1, the Special Reorganization Area is detached from the City of Los Angeles and incorporated as a general law city.
 2. Effective Date. Pursuant to Government Code section 56844(p) and subject to the limitations of Government Code section 57202, the

Effective Date of the San Fernando Valley Special Reorganization is the July 1st immediately following the Election.

3. Boundaries. The boundaries of the new city shall be the Special Reorganization Area as set forth in Exhibits A and B attached hereto and incorporated herein. In the event of any conflict between Exhibit A and Exhibit B, Exhibit A shall control.
4. Elected Officials. Consistent with Government Code section 56852.7, the legislative body of the new city shall consist of fourteen (14) members elected by districts, and a mayor who shall be a voting member of the council, elected at large. The Commission has established the initial boundaries for the fourteen (14) districts, consistent with the requirements of Government Code section 56852.7. The first election of City Council members and the mayor shall be held concurrently with the election on the question of special reorganization. The mayor shall hold office for four-year terms from the first election onward. As provided for in Government Code section 34880, the City Council members shall hold office until the next municipal election. At that election, the members elected by the even-numbered districts shall hold office for four years and the members elected by odd-numbered districts shall hold office for two years. Thereafter, the term of office is four years for all members.
5. Council District Boundaries. The City Council district boundaries, and the findings of the Commission with respect to the establishment of said boundaries, are set forth in Exhibit E hereto and incorporated herein by this reference.
6. Election. The Election shall consist of the election of the first City Council and mayor and the election on the question of special reorganization, which shall be held concurrently, at the next election that complies with the provisions of Government Code section 57132.5, namely, the next regular primary or general election occurring in an even-numbered year at least 88 days after the date on which the resolution calling the election was adopted.
7. City Name. Pursuant to Government Code section 57101(d), on the ballot, the voters in the San Fernando Valley special reorganization area shall be entitled to express their preference for a name for the new city from among the following five (5) choices:
 - a. Camelot
 - b. Mission Valley
 - c. Rancho San Fernando
 - d. San Fernando Valley
 - e. Valley City
8. Indemnification. Prior to the Effective Date, the Commission will defend any lawsuit related to this Resolution. The new city, if the Proposal is approved, or the Applicant, if the Proposal is not approved,

shall defend, hold harmless and indemnify the Commission and/or its agents, officers, employees and consultants from any claim, action or proceeding against the Commission and/or its agent, officers, employees and consultants to attack, set aside, void or annul the Commission's approval of this Proposal or any action relating to or arising out of such approval when such action is brought within the applicable statute of limitations.

9. Ordinance Adoption. Pursuant to Government Code section 56844(v) and consistent with Government Code section 57376(a), the City Council of the new city shall, immediately following the Effective Date and prior to performing any other official act, adopt an ordinance providing that all City of Los Angeles ordinances not in conflict with the general laws of the State, previously applicable in the Special Reorganization Area, shall remain in full force and effect as city ordinances for a period of 120 days thereafter or until the City Council has enacted its own ordinances superseding any or each of the previously applicable ordinances, whichever occurs first.
10. [Intentionally omitted.]
11. Appointive Positions. Upon and after the Effective Date, the City Manager, City Clerk and City Treasurer of the new city shall be appointed by the City Council in accordance with Government Code Section 36510.
12. Tax Authorization. Pursuant to Government Code section 56844(t):
 - a. The new city shall continue to levy all previously authorized and collected charges, fees, assessments and general or special taxes collected by the City of Los Angeles within the Special Reorganization Area prior to the Effective Date, except as prohibited by law, and except with respect to services being provided by the City of Los Angeles during the Transition Period, as to which the City of Los Angeles shall continue to levy all previously authorized and collected charges and fees, unless and until the provision of such services by the City of Los Angeles is discontinued pursuant to condition 14(a).
 - b. The new city shall not modify, alter or rescind any existing general or special tax, fee, charge, or assessment so as to impair its ability to satisfy its financial obligations to the City of Los Angeles under conditions of this Resolution.
13. Sphere of Influence. Pursuant to Government Code section 56844(o), and in order to conform with Government Code section 56426.5, within two hundred seventy (270) days after the Effective Date, the new city shall submit an application to the Commission proposing a sphere of influence for the new city.
14. Transition Period Services. Pursuant to Government Code section 56844(t), and consistent with Government Code section 57384, the City of Los Angeles shall continue to provide to the new city all services

furnished to the Special Reorganization Area prior to the Effective Date until the June 30th following the Effective Date (“Transition Period”), or for a shorter period, if the new city, acting through its City Council, cancels the provision of a particular service by giving the City of Los Angeles six months’ written notice, or a service contract between the parties takes effect. Transition Period services shall not include utility services being provided by the City of Los Angeles to customers in the new city after the Effective Date.

- a. Cancellation. The new city may cancel Transition Period services provided by the City of Los Angeles only by giving the City of Los Angeles six month’s written notice or with the written agreement of the City of Los Angeles. If the new city cancels a Transition Period service upon less than six months’ written notice, the new city shall continue to be obligated to pay for Transition Period costs for that service throughout the six-month period, unless otherwise agreed to by the City of Los Angeles.
- b. Service Levels. During the Transition Period, the City of Los Angeles shall be obligated to provide services to the new city in such a manner as to maintain pre-Effective Date service levels. The City of Los Angeles shall be allowed to reduce service levels for the services it provides within the new city during the Transition Period only as may be required in response to emergencies or if revenue shortfalls are experienced by the new city or with the agreement of the new city. For the purposes of this condition, a revenue shortfall is experienced by the new city if the new city has not paid in full the prior month’s invoice for Transition Period services within thirty (30) days of receipt of the invoice. Thereafter, the City of Los Angeles may reduce service levels. If the City of Los Angeles reduces service levels hereunder, it shall attempt to reduce service levels in a manner proportional to the reduction in the actual payment received from the new city for Transition Period services.
- c. Transition Period Service Costs. The new city shall reimburse the City of Los Angeles for the total actual direct and indirect costs of Transition Period services provided by the City of Los Angeles, in conformity with Government Code section 57384(b), except that the definition of “net costs” shall not exclude costs to be paid from special funds that have been transferred to the new city. The City of Los Angeles shall submit a monthly invoice to the new city for the actual direct and indirect costs of Transition Period services provided in that month. The cost of Transition Period services shall be calculated on the modified accrual accounting basis, and shall be reduced by the sales tax offset and any other revenues generated in the Special Reorganization Area on or after the Effective Date and retained by the City of Los Angeles, including, without limitation, direct charges, fees and

finances related to Transition Period services. After such revenue offsets, the new city shall owe the City of Los Angeles the net cost of Transition Period services. The new city or the third party fiscal agent shall make monthly payments to the City of Los Angeles within 15 days of receipt of each invoice for Transition Period services.

- i. The provisional sales tax offset shall be forty-five (45) percent of the sales tax allocations paid by the State Board of Equalization to the City of Los Angeles for citywide taxable activity that occurs in the first quarter beginning on the Effective Date. This provisional sales tax offset shall be reconciled to the ratio of the State Board of Equalization sales tax payment to the new city for the quarter beginning on the October 1st immediately following the Effective Date to the sum of the State Board of Equalization sales tax payments to the City of Los Angeles and the new city for taxable activity that occurs in the same quarter.
- d. Budgeted Grant Funds. Pursuant to Government Code section 56844(i), the disposition, transfer and division of budgeted grant funds shall occur in the following manner. In lieu of a specific re-allocation of grant funding by the granting agency or other legal requirements that would prohibit a re-allocation of grant funding to the new city, the City of Los Angeles shall distribute budgeted grant funding in the manner set forth in this condition. The City of Los Angeles shall proportionately allocate any entitlement grant funds previously earmarked for the Special Reorganization Area that are included in the City of Los Angeles budget unless and until the granting agency directly allocates the new city's share of those grant funds to the new city or directs the City of Los Angeles to allocate the funds in another fashion. The allocation may be made directly to the third party fiscal agent appointed in accordance with condition 16, or may take the form of an offset against the Transition Period service payment. The allocations to the new city shall occur in the following manner unless the granting agency instructs otherwise:
 - i. The new city shall be allocated a share of City of Los Angeles funds for the U.S. Department of Housing and Urban Development ("HUD") entitlement grants on the basis of the new city's share of the City of Los Angeles low and moderate-income population, as defined by HUD.
 - ii. The new city shall be allocated a share of City of Los Angeles funds for the administration of the Workforce Investment Act grant on the basis of the new city's share of the working-age population, which shall be defined as persons aged 16 through 64 and which shall be estimated with 2000 Census data.

- iii. The new city shall be allocated a share of City of Los Angeles grant funds distributed by the California Department of Aging on the basis of its population aged 60 or greater, as reflected in the 2000 Census. If the County of Los Angeles administers these grant funds on behalf of the new city, the new city shall remit these funds to the County of Los Angeles.
- iv. The new city shall be allocated a share of City of Los Angeles grant funds distributed by the Governor's Office of Criminal Justice Planning or the U.S. Department of Justice on the basis of Part I criminal activity, as defined by the U.S. Department of Justice. Until Part I criminal activity levels in the San Fernando Valley are available, these grant funds shall be allocated on the basis of population.
- v. The new city shall be allocated a share of any other entitlement grant funds previously intended for use throughout the City of Los Angeles on the basis of population.
- vi. The new city shall be allocated all other entitlement grant funds previously designated for use for specific projects or programs within the Special Reorganization Area.
- e. Off-Budget Grant Funds. Throughout the Transition Period, pursuant to Government Code section 56844(r), the City of Los Angeles shall continue to use off-budget grants to fund service providers within the Special Reorganization Area unless and until instructed to do otherwise by the granting agency.

15. Transition Costs.

- a. Election Costs. Pursuant to Government Code section 57150(e), the City of Los Angeles, and any new cities formed pursuant to a special reorganization election held on the same date as the Election, shall be obligated to share the costs of the Election, and all other special reorganization elections held at that time, in proportion to the assessed value of property within their respective territories. If all of the special reorganization proposals considered at that Election are defeated, the County of Los Angeles shall pay the costs of the Election, and all other special reorganization elections held at that time, in accordance with Government Code section 57150(e). Election costs shall be paid within thirty (30) days of a written request for payment being made by the County Registrar-Recorder, unless an alternative payment arrangement is agreed to by the County Registrar-Recorder.
- b. City of Los Angeles Redistricting Costs. Pursuant to Government Code sections 56845 (c) and 56844(i), the City of

Los Angeles, and any new cities formed pursuant to a special reorganization election held on the same date as the Election shall pay the costs of redistricting the City of Los Angeles for the next City of Los Angeles municipal election immediately following the Election, in proportion to the assessed value of property within their respective territories. Redistricting costs shall be paid within thirty (30) days of a written request for payment for actual costs incurred being made by the City of Los Angeles, unless an alternative payment arrangement is agreed to by the City of Los Angeles and the new cities.

- c. Accounting Costs. Pursuant to Government Code sections 56845(c) and 56844(i), the new city and any other cities formed pursuant to a special reorganization election held on the same date as the Election shall pay the costs of establishment of revenue collection procedures, analysis and separation of funds and outstanding debt and liabilities for transfer, preparation of the Debt Service Schedule required by condition 21, and validation of pre-existing bonds of the City of Los Angeles, if necessary, in proportion to the assessed value of property within their respective territories. These accounting costs shall be paid within thirty (30) days of a written request for payment for actual costs incurred being made by the City of Los Angeles, unless an alternative payment arrangement is agreed to by the City of Los Angeles and the new cities.
- d. Other Transition Costs. Pursuant to Government Code sections 56845(c) and 56844(i), the new city and any other cities formed pursuant to a special reorganization election held on the same date as the Election shall pay other one-time transition costs required to be incurred by the City of Los Angeles, directly resulting from the special reorganizations, which are not Transition Period service costs provided for in condition 14. The transition costs permitted by this condition shall include the duplication of City of Los Angeles records and data, expenses for processing deeds for real property transfers, quitclaims on street easements, costs associated with employee transfers, information technology and computer systems reprogramming, and other similar costs not typically incurred by the City of Los Angeles as a result of the City's usual and customary municipal operations. Ongoing costs of municipal operations related to the continuing employment of personnel, and the maintenance and operation of facilities and equipment shall not be reimbursable pursuant to this condition. The new cities shall be responsible for the transition costs provided for in this condition in proportion to the assessed value of property within their respective territories. These transition costs shall be paid within thirty (30) days of a written request for payment for actual costs incurred being made by the City of Los Angeles,

unless an alternative payment arrangement is agreed to by the City of Los Angeles and the new cities.

- e. Transition Cost Controls. The City of Los Angeles shall not be entitled to reimbursement for any asserted transition costs permitted by this condition in excess of \$100,000 without the prior consent of the new cities, which consent shall not be unreasonably withheld.
16. Third Party Fiscal Agent. The new city shall retain a third party fiscal agent to carry out the responsibilities set forth in this condition. The third party fiscal agent shall be acceptable to both the new city and the City of Los Angeles. The new city shall reimburse the third party fiscal agent for all of the costs associated with the performance of these responsibilities.
- a. Transition Period Responsibilities. The Los Angeles County Auditor-Controller shall remit all property taxes collected on behalf of the new city to the third party fiscal agent during the Transition Period. Unless otherwise agreed to by the City of Los Angeles and the new city, both the new city and the City of Los Angeles shall remit all other revenues collected by or on behalf of the new city to the third party fiscal agent throughout the Transition Period. For the purposes of this condition, "revenues" shall be defined to exclude direct charges and fees for services, including Department of Water and Power ("DWP") charges for water and power (which are retained by the DWP for the provision of those utility services), Public Works, Bureau of Sanitation charges for sanitation equipment, wastewater charges, fees related to the issuance of permits and licenses, other similar administrative fees and charges, and fines. Direct charges, fees and fines generated in the Special Reorganization Area through the provision of Transition Period services shall be directly credited by the City of Los Angeles to the Transition Period service payment or the new city's portion of debt repayment, as appropriate, and not remitted to the fiscal agent. If the Auditor-Controller cannot remit the new city's property tax directly to the third party fiscal agent, the new city shall remit all of its property tax to the third party fiscal agent during the Transition Period.
 - b. Post Transition Period Responsibilities. The third party fiscal agent shall estimate, as of July 1 of each fiscal year after the Transition Period, the amount of property tax revenue that must be remitted to pay for the following: (1) the mitigation payment required by condition 17; (2) the new city's share of the debt liability identified in condition 21 for that year; and (3) an amount sufficient to pay the new city's share of the non-debt liability identified in condition 22 for that year. The third party fiscal agent shall submit its estimate to the Los Angeles

County Auditor-Controller which shall remit that portion of the property tax to the third party fiscal agent for disbursement to the City of Los Angeles in accordance with this condition and conditions 17, 21 and 22, unless the new city and the City of Los Angeles agree otherwise. If the Auditor-Controller cannot remit the new city's property tax directly to the third party fiscal agent, the new city shall remit that portion of its property tax to the third party fiscal agent which the third party fiscal agent determines is required for payment of the debt liability identified in condition 21. The new city shall remit to the third party fiscal agent any additional amounts necessary to meet its obligations under conditions 17, 21 and 22 if the property taxes initially remitted to the third party fiscal agent are not sufficient to pay the actual obligations as they accrue.

- c. Payment Priorities. The new city and the third party fiscal agent shall prioritize the new city's payment obligations as follows: (1) the debt liability and non-debt liability payments to the City of Los Angeles required by conditions 21 and 22; (2) debt payments for the new city's bonded indebtedness or loan repayment; (3) the fiscal mitigation payment required by condition 17; (4) the transition costs required by condition 15; (5) the Transition Period service costs required by condition 14(c); and (6) the new city's direct operating costs.
- d. Payment Frequency. The third party fiscal agent shall reimburse the City of Los Angeles on a monthly basis for the Transition Period service costs set forth in condition 14(c) and non-debt liabilities set forth in condition 22 under a modified accrual accounting basis as defined by Generally Accepted Accounting Principles. For debt liability payments to the City of Los Angeles required by condition 21, the fiscal agent shall make payments in accordance with the Debt Service Schedule. The fiscal agent shall make monthly payments to the City of Los Angeles for the fiscal mitigation payment required by condition 17.
- e. Payments Made in Advance. The new city shall not be required to pay over moneys to the City of Los Angeles for payments required by this Resolution, in advance of the date upon which the City of Los Angeles shall make corresponding payments, except for purposes of the debt liability payments required by condition 21. The new city and its fiscal agent shall be authorized to deduct interest at a rate equal to the City of Los Angeles general pool investment yield from any funds advanced to the City of Los Angeles by more than one week.
- f. Late Payments. For any late payment(s) made by the new city, the fiscal agent shall add interest to the disbursement made to

the City of Los Angeles at a rate equal to the City of Los Angeles general pool investment yield.

- g. Auditor-Controller Indemnification. The new city shall indemnify, defend and hold harmless, the County of Los Angeles, its Auditor-Controller and other officers, elected officials, employees and agents from any and all liability, damages, and costs, including but not limited to attorneys' fees and defense costs, arising from or related to any of the duties and obligations imposed upon the Auditor-Controller pursuant to this Resolution.
17. Mitigation Payment. Pursuant to Government Code section 56845, the Commission finds that the Valley Special Reorganization has an annual negative fiscal effect on the City of Los Angeles of \$128.0 million that should be mitigated. Starting thirty (30) days after the Effective Date, and for a period of twenty (20) years thereafter, the new city shall make an annual fiscal mitigation payment to the City of Los Angeles in the following manner:
- a. The initial annual mitigation payment shall be \$128.0 million, adjusted over the term on an annual basis for actual inflation, as measured by the percentage change in the Los Angeles metropolitan area Consumer Price Index (CPI-U) that occurred between January 1, 2001 and January of the fiscal year in which payment is being made; and
 - b. The annual mitigation payment shall be discounted by a factor of five percent annually after the first fiscal year of incorporation in a cumulative fashion, so as to completely phase out the mitigation payment after twenty (20) years; and
 - c. The annual mitigation payment shall be paid to the City of Los Angeles in twelve equal monthly installments commencing thirty (30) days after the Effective Date, due on the 1st of the month, unless otherwise agreed to by the new city and the City of Los Angeles, adjusted for inflation using the California Department of Finance forecasts of the Consumer Price Index for the Los Angeles area with any adjustments due to differences between the forecast and actual inflation made in the next payment following the availability of the actual inflation data.
18. Employees.
- a. With respect to employee transfers, both the City of Los Angeles and the new city are required to comply with the provisions of Government Code section 56844.2, which requires that: (1) public employees, as defined therein, shall continue to be deemed public employees of the original local agency or the newly incorporated local agency for purposes

including, but not limited to, the continuation and application of any collective bargaining agreement that applies to these employees, and all representational and collective bargaining rights, pursuant to Government Code section 3500, *et seq.*; (2) that any existing collective bargaining agreement shall remain in effect and be fully binding on either local agency, and on the employee organizations that are parties to the agreement for the balance of the term of the agreement, or until a subsequent agreement has been established; and (3) that any existing retiree benefits, including but not limited to, health dental, and vision care benefits, shall not be diminished.

- b. Pursuant to Government Code section 56844(l), the new city shall accept responsibility and liability for accrued vacation, sick leave and other compensated time-off for City of Los Angeles employees who transfer to the new city as part of a transfer in service responsibility from the City of Los Angeles to the new city.

19. Assets. The Commission has reviewed and considered the legal opinions of its Legal Counsel and of the California Legislative Counsel, along with the legal opinions of the Applicant and the City of Los Angeles on issues related to the transfer of assets from the City of Los Angeles to the new city. Pursuant to Government Code section 56844(h), the disposition, transfer, and division of assets relevant to the San Fernando Valley Special Reorganization shall occur in the following manner:

- a. Fund Balances. Upon the Effective Date, the City of Los Angeles shall transfer trust account fund balances for capital improvement projects specific to the Special Reorganization Area to the third party fiscal agent. Upon the Effective Date, the City of Los Angeles shall transfer to the new city the General Fund Proportionate Share of the contingency and emergency reserve funds and any other general fund balance net of outstanding loans, encumbrances and re-appropriations required for capital improvements. Upon the Effective Date, the City of Los Angeles shall transfer to the new city an allocation of all special fund balances net of outstanding loans, encumbrances and re-appropriations required for capital improvements, based upon the proportion of the Special Reorganization Area's revenue contribution to the respective special fund, as set forth in Exhibit F, attached hereto and incorporated herein, except for the following special funds which shall be wholly retained by the City of Los Angeles:
 - 1. Water Revenue Fund
 - 2. Power Revenue Fund

3. Sewer Construction & Maintenance Fund
 4. Convention Center Revenue Fund
 5. Zoo Enterprise Trust Fund
 6. Special Police Communications/911 System Tax Fund
 7. City Employees Retirement Fund
 8. Fire and Police Pension Fund
 9. El Pueblo de Los Angeles Historical Monument Revenue Fund
 10. Staples Arena Special Fund
 11. Airport Revenue Fund
 12. Harbor Revenue Fund
 13. Tax Revenue Anticipation Notes Fund, and
 14. Bond Redemption & Interest Funds.
- b. Impact Fees. The City of Los Angeles shall transfer to the new city impact fees collected prior to the special reorganization within and intended for use in the Special Reorganization Area, for facilities or services not yet rendered for underground utilities, roads, parks, housing and any other allowed use(s). The new city shall be required to expend and collect these impact fees for the original purposes for which the impact fees were collected by the City of Los Angeles.
- c. Public Safety Augmentation Fund. The new city shall be entitled to the General Fund Proportionate Share of the City of Los Angeles allocation of the County of Los Angeles Public Safety Augmentation Fund. (Government Code section 30051, *et seq.*) The County of Los Angeles Auditor-Controller shall directly remit the General Fund Proportionate Share of the City of Los Angeles allocation of the Public Safety Augmentation Fund to the new city. The new city shall be required to expend these funds in compliance with Government Code section 30051, *et seq.*
- d. Tobacco Settlement. On an annual basis, the City of Los Angeles shall transfer to the new city an amount equal to the General Fund Proportionate Share of the funds received by the City of Los Angeles pursuant to the Memorandum of Understanding between the State of California, the City of Los Angeles and various other parties, dated August 5, 1998, relating to several coordinated actions including *People v. Philip Morris, Inc.*, San Francisco Superior Court Case No. 980864, to which the City of Los Angeles was a party, regarding the disposition of any recovery relating to said litigation.

- e. Streets and Highways. Upon the Effective Date, all right, title, interest and responsibility for any and all public roads, adjacent slopes, medians, sidewalks, trails, bikeways, landscaped areas, open space, street lights, signals, and bridges located within the boundaries of the Special Reorganization Area shall vest in the new city, except that the City of Los Angeles shall retain title to all assets, property, rights of way, easements, and other property interests (including, but not limited to, those that may be on, under, or adjacent to those roads and highways) related to operation of the water system, power system, wastewater system, and communications or other centralized systems.
- f. Storm Water Facilities. Upon the Effective Date, all right, title, interest and responsibility for any and all storm drain facilities and related easements owned by the City of Los Angeles and located within the boundaries of the Special Reorganization Area shall vest in the new city.
- g. Local Service-Related Assets Transferred. All right, title, interest and responsibility for local service-related facilities and the furnishings, fixtures, rolling stock and equipment contained therein or otherwise associated with the services provided by that facility, as identified in Exhibit G attached hereto and incorporated herein, shall vest in the new city, upon the Effective Date and without the payment of compensation, subject to existing licensing and contractual arrangements, unless other conditions to the transfer are set forth in Exhibit G. Unless otherwise provided for in Exhibit G, the City of Los Angeles shall be entitled to use these service-related assets, at no cost, for the provision of services to the new city during the Transition Period.
- h. Shared Local Service-Related Assets. The new city shall permit the City of Los Angeles to continue using the booking facility at the Van Nuys Police Station located at 6240 Sylmar Avenue, after the Transition Period, with any associated cost-sharing arrangements to be negotiated by the new city and the City of Los Angeles.
- i. Miscellaneous Assets. Upon the Effective Date, and without the payment of compensation to the City of Los Angeles, all right, title, interest and responsibility for all other assets owned by the City of Los Angeles and located within the Special Reorganization Area, but not transferred or excluded from transfer elsewhere in this Resolution or Exhibit G, shall vest in the new city.
- j. Van Nuys Airport. Upon the approval of the Federal Aviation Administration or other federal agency having jurisdiction, and without the payment of compensation to the City of Los

Angeles, all right, title, interest and responsibility for the Van Nuys Airport shall vest in the new city. Any City-owned property adjacent to the airport, the transfer of which is not subject to federal government approval, shall transfer without compensation to the new city as of the Effective Date of incorporation. The new city shall permit the City of Los Angeles to continue using helicopters at the Van Nuys Airport after the Transition Period with any associated cost-sharing arrangements to be negotiated by the new city and the City of Los Angeles.

- k. Assignment of Leases. On or after the Effective Date and without the payment of compensation to the City of Los Angeles, at the option of the new city and with the consent of the lessor, if any consent is required, the City of Los Angeles shall assign to the new city any and all leases, whether of real or personal property, for property leased by the City of Los Angeles and located within and exclusively serving the Special Reorganization Area.
- l. "AS IS" Transfer. Real or personal property of the City of Los Angeles transferred to the new city pursuant to conditions 19(g), (i) and (j), above, shall be accepted by the new city "AS IS."
- m. Exclusions. Ownership and control of the City's airports other than Van Nuys Airport, the Port of Los Angeles, the Convention Center, and the water, power, and wastewater systems shall remain with the City of Los Angeles.

20. Public Utilities.

- a. Water and Power Utility Services. Pursuant to Government Code section 56844(j) and (r), the City of Los Angeles shall be obligated to continue to provide water and power public utility service to customers located in the new city, and customers in the new city shall be entitled to the same priority in the use of, and service from, these public utilities as they received as customers residing within the City of Los Angeles prior to the date of the Election, in perpetuity, unless the new city elects otherwise, except that the new city shall enter into initial franchise or service agreements for water and power with the City of Los Angeles for terms that end no sooner than the latest maturity date of bonded indebtedness for Department of Water and Power debt issued prior to the date of the Election.
- b. Wastewater Services. Pursuant to Government Code section 56844(j) and (r), the City of Los Angeles shall continue to be obligated to provide wastewater collection and treatment service to customers located in the new city, and customers in the new city shall be entitled to the same priority in the use of,

and service from, this public utility as they received as customers residing within the City of Los Angeles prior to the date of the Election, in perpetuity, unless the new city elects otherwise, except that the new city shall enter into an initial franchise or service agreement for wastewater services with the City of Los Angeles for a term that ends no sooner than the latest maturity date of bonded indebtedness for wastewater system debt issued prior to the date of the Election.

- c. Wastewater Regulation. Pursuant to Government Code section 56844(r), the City of Los Angeles may continue to regulate industrial dischargers within the Special Reorganization Area to ensure compliance with the City of Los Angeles' environmental discharge permits so long as the City of Los Angeles provides wastewater service to the new city. The City of Los Angeles may exercise its authority directly or by contracting with the new city.
- d. Utility Service and Rates. Pursuant to Government Code section 56844(j), (r), (t) and (v), the City of Los Angeles shall provide the same level of water, power and wastewater service as is provided to each particular class of customer within the City of Los Angeles to customers of the corresponding class within the new city, and shall charge the same utility rates as are charged to each particular class of customer within the City of Los Angeles to customers of the corresponding class in the new city, with no rate differential based upon the location of the customer within one city or the other, such that while the City of Los Angeles may adjust rates and differentiate between different classes of customers based on usage or cost of service, the rates charged to a particular class of customer in the remaining City of Los Angeles will always be the same as the rate charged to the corresponding class of customer in the new city, and to the extent that there are additional costs associated with the provision of utility services to a particular class of customer in either area, those additional costs shall be borne uniformly across the two cities by that class of customer, without any differentials based upon the location of the customer within one city or the other.

- e. Alternative Condition.

Should condition 20(d) be found to be unlawful, unenforceable, invalid, or void by a final judgment of a court of competent jurisdiction, the other terms and conditions of this Resolution shall remain in full force and effect and the San Fernando Valley Special Reorganization shall remain in effect and shall not be void or invalidated by reason of said term or condition being unlawful, unenforceable, invalid or void.

- i. Should condition 20(d) be found unlawful, unenforceable, invalid or void, the new city shall no longer be obligated pursuant to condition 20(a) and/or (b), above, to enter into franchise or service agreements with the City of Los Angeles for the provision of water, power and/or wastewater service and may cancel any agreements for the provision of these services already entered into.
21. Debt Liability. Pursuant to Government Code section 56844(c), the outstanding debt liability of the City of Los Angeles shall be allocated to the new city in the following manner. Unless and until the new city defeases its portion of the City of Los Angeles outstanding debt issued as of the date of the Election, the new city shall assume the obligation for its portion of the City of Los Angeles debt and bear a corresponding share of the City's debt service obligation as enumerated in this condition, and as set forth in that certain Debt Service Schedule to be provided by the City of Los Angeles to the new city by or before the Effective Date, which schedule shall specify the principal amount then outstanding of bonds, notes and lease obligations of the City of Los Angeles, the applicable debt service, lease payment set-aside or other schedule for each series or issue of such obligations and their maturity date or dates, as well as the category of capital improvement listed below, to which such debt relates. Unless otherwise indicated below, the portion of the debt service payments shown on the Debt Service Schedule for which the new city will be responsible will be the General Fund Proportionate Share. The third party fiscal agent shall be required to remit the debt payments to the City of Los Angeles in a timely fashion for repayment of the bondholders, with appropriate deductions for interest earned by the City of Los Angeles on any pledged funds paid by the new city prior to the City of Los Angeles' actual payment of debt service at a rate equal to the City of Los Angeles general pool investment yield. The new city shall not be liable for any portion of City of Los Angeles debt liability that is not set forth in this Resolution.
 - a. General Obligation Bond Debt. The new city shall annually adopt an ordinance by August 1 of each year adopting the ad valorem property tax rate established by the City of Los Angeles for repayment of its outstanding general obligation bond debt issued as of the date of the Election. The new city and its residents shall be exempt from the repayment of any general obligation bond debt issued after the date of the Election. The new city shall authorize the Los Angeles County Tax Collector to remit to the City of Los Angeles all Special Reorganization Area property owners' payments for general obligation debt issued prior to the date of the Election and outstanding on the Effective Date, as shown on the Debt Service Schedule. The City of Los Angeles shall continue to be

responsible for managing accounts and acting as paying agent for the bondholders. Should the new city fail in any year to enact the ordinance required by this condition, the new city's share of the City of Los Angeles general obligation bond debt shall be paid to the City of Los Angeles by the third party fiscal agent from the new city's property taxes. The unissued authorization for general obligation bonds, as of the date of the Election, shall be allocated between the remaining City of Los Angeles and the new city in the following manner: (1) on the basis of the location of the projects for each area, as indicated in the ballot measures approved by the voters, and in the amounts allocated for those projects adopted by the City of Los Angeles City Council as of the date of the adoption of this Resolution; (2) twenty-eight percent (28%) of the city-wide Police and Fire station renovation costs adopted by the City of Los Angeles City Council as of the date of the adoption of this Resolution shall be allocated to the new city; and (3) program management and contingency amounts adopted by the City of Los Angeles City Council as of the date of the adoption of this Resolution shall be allocated based on the percentage of total project costs allocated in items 1 and 2, herein, to each city. This allocation method is intended to enable each city to deliver the projects in their areas that have been approved by the voters. The project amounts for Propositions Q and F approved by the City of Los Angeles City Council as of the date of the adoption of this Resolution are attached hereto as Exhibit H and incorporated herein by this reference.

- b. Assessment and Special Tax Bond Debt. Parcels within the Valley Special Reorganization Area that are encumbered with special tax assessments for bonded indebtedness as of the date of the Election, shall remain encumbered until the respective series of bonds are paid in full, except that property owners in the new city shall be exempt from the repayment of outstanding Pershing Square Park Project debt. Special Assessment installments received by the City of Los Angeles following the Effective Date for such parcels shall be remitted to, or upon the order of the new city applied to, the payment of such bonded indebtedness. Property owners in the new city shall continue to bear liability for assessments for bonded indebtedness for the police emergency communications system, Proposition K (consistent with conditions 29 or 30), and the Cascades Business Park assessment in Sylmar.
- c. Judgment Obligation Bond Debt. The new city shall be obligated to pay for the General Fund Proportionate Share of outstanding judgment obligation bond debt issued as of the date of the Election, consistent with the Debt Service Schedule.

- d. Lease Obligation Bond and Certificates of Participation ("COP") Debt. The new city shall make Lease Obligation Bond and COP debt service payments to the City of Los Angeles, consistent with the Debt Service Schedule, for the Lease Obligation Bond and COP debt issued as of the date of the Election that is secured and defeased by the general fund of the City of Los Angeles unless and until the new city pays the City of Los Angeles the General Fund Proportionate Share of the outstanding Lease Obligation Bond and COP debt. Notwithstanding any other conditions of this Resolution, if any debt-financed equipment or facilities cannot be transferred to the new city because of Lease Obligation Bond or COP covenants or terms, the City of Los Angeles shall provide the new city with access to, and use of, an equitable share of such equipment or facilities during its useful life. The new city will make use of tax-exempt debt-financed equipment and facilities in such a manner and take such other actions as necessary to maintain the tax-exempt status of such obligations. The new city shall not bear responsibility for that portion of obligations of the City of Los Angeles paid by special funds not accruing to the new city, in particular, the portion of lease obligation bond debt paid by Convention Center operating revenues net of non-debt operating expenditures, the Staples Arena developer or the Pershing Square special taxes.
- e. Parking Revenue Bond Debt. During the Transition Period, the City of Los Angeles shall be required to pay the new city's share of outstanding parking revenue bond debt issued as of the date of the Election, from the parking fees collected in the Special Reorganization Area during the Transition Period. After the Transition Period, the new city shall be obligated to pay for the new city's share of parking revenue bond debt issued as of the date of the Election that remains outstanding as of the last day of the Transition Period, consistent with the Debt Service Schedule. The new city's share of debt service shall be proportional to its contribution to the City's Special Parking Revenue Fund for fiscal year 1998-99 (12.25%).
- f. Sanitation Equipment Charge Revenue Bond Debt. During the Transition Period, the City of Los Angeles shall pay the new city's share of outstanding sanitation equipment charge revenue bonds debt issued as of the date of the Election, from the sanitation charges collected in the Special Reorganization Area during the Transition Period. After the Transition Period, the new city shall be obligated to pay for the new city's share of sanitation equipment charge revenue bond debt issued as of the date of the Election that remains outstanding as of the last day of the Transition Period, consistent with the Debt Service Schedule. The new city's share of debt service shall be

proportional to its contribution to the City's Sanitation Equipment Charge Special Revenue Fund for fiscal year 1998-99 (40.86%).

22. Non-Debt Liability. Pursuant to Government Code section 56844(c), the non-debt liability of the City of Los Angeles shall be allocated to the new city in the following manner.
 - a. Workers Compensation Claims. The new city shall pay on a monthly basis a share of the cost of defense and indemnification of the City of Los Angeles for workers' compensation claims attributable to workplace injuries that occurred prior to the Effective Date, where the new city's share of these costs is equivalent to the General Fund Proportionate Share.
 - b. Liability Claims. The new city shall pay on a monthly basis a share of the cost of defense and indemnification of the City of Los Angeles for liability claims attributable to injuries or damages that occurred prior to the Effective Date, where the new city's share of these costs is equivalent to the General Fund Proportionate Share.
 - c. Consultation Regarding Payment of Non-Debt Liability. The City of Los Angeles shall report to the new city on a monthly basis on the status and progress of those claims and lawsuits referred to in conditions 21(a) and (b). The City of Los Angeles shall consult with the new city before agreeing to settlements involving the payment of \$500,000 or more to any claimant or plaintiff or \$500,000 or more for any one matter, and shall grant reasonable requests for consultation made by the new city regarding other claims or lawsuits. The new city shall cooperate with the City of Los Angeles in the investigation and defense of these matters.
23. Provisional Appropriations Limit. The provisional appropriations limit, as required by Article XIII B of the California Constitution, shall be \$1.354 billion.
24. [Intentionally omitted.]
25. Debt and Liability Audit Rights. The new city shall have audit rights with respect to the City of Los Angeles' fiscal management of all outstanding debt service and other liabilities for which the new city shall be proportionately liable as provided for in this Resolution, including but not limited to workers' compensation claims and liability claims as provided for in condition 22. The City of Los Angeles shall maintain all records related to the outstanding debt service and other liabilities for a period of at least three years from the date of retirement of a debt or payment of a workers' compensation or liability claim. The new city's right to audit shall

terminate two years after the date of retirement of a debt or payment of a liability claim. The new city shall bear all expenses related to any audits conducted pursuant to this condition.

26. Revenue and Transition Period Cost Audit Rights. The new city shall have audit rights with respect to Transition Period service costs and any revenues collected by the City of Los Angeles in the Special Reorganization Area in the fiscal year prior to the Effective Date and during the Transition Period. The City of Los Angeles shall maintain all records of such costs and revenues for a period of at least three years from the date when the Transition Period ends. The new city's right to audit shall terminate two years after the last day of the Transition Period. The new city shall bear all expenses related to any audits conducted pursuant to this condition.
27. Fiscal Agent Audit Rights. The new city and the City of Los Angeles shall have audit rights with respect to revenue allocations and payments made by the third party fiscal agent. The city requesting the audit shall bear all expenses related to that audit. The cities' right to audit the fiscal agent shall terminate two years after the fiscal agent makes the last payment to the City of Los Angeles for outstanding liability.
28. City of Los Angeles Audit Rights. The City of Los Angeles shall have audit rights with respect to the new city's obligations to the City of Los Angeles pursuant to this Resolution, including but not limited to, the new city's obligations to pay for any services received from the City of Los Angeles, to make mitigation payments, and to make any debt or non-debt liability payments. The new city shall maintain all records of such obligations for a period of at least three years from the date when the obligation is satisfied. The audit rights of the City of Los Angeles shall terminate two years after the all of the new city's obligations pursuant to this Resolution are satisfied. The City of Los Angeles shall bear all expenses related to any audits conducted pursuant to this condition.
29. Proposition K District. Pursuant to Government Code sections 56125 and 56844(e) and (u), that portion of Landscaping and Lighting District No. 96-1 (the "District") (Proposition K) located within the new city shall be detached from the District and formed into a new landscape and lighting district (the "new district").
 - a. The total annual assessment for the new district shall be a proportionate share of the \$25 million Proposition K assessment limitation based upon the share of the total assessment paid by property owners in the Special Reorganization Area in fiscal year 2000-01. Property owners in the remaining City of Los Angeles shall be obligated to pay the remainder of the total annual

assessment, unless other new cities are formed pursuant to any other pending special reorganizations, in which case each shall bear responsibility for their proportionate share of the total assessment based upon their fiscal year 2000-01 contribution. The assessments in the new district shall include: a) a debt component, which shall recoup the cost of debt service for Proposition K debt issued as of the date of the Election and outstanding on the Effective Date, and b) a non-debt component, which shall fund the costs of authorized improvements in the Special Reorganization Area consistent with Proposition K.

- i. The debt component shall be determined in the following manner. Property in any new city shall continue to be liable for assessment and payment of its pro rata share of any bonds issued prior to the date of Election that are secured by Proposition K funds, including related bond trustee costs and costs charged by the County of Los Angeles for collection services, based upon the share of the total assessment paid by property owners in the Special Reorganization Area in fiscal year 2000-01. The amount that the properties in the new city shall be assessed shall be determined by the City of Los Angeles and levied by the new city based upon the benefit points methodology currently used. The new city shall cooperate in providing to the City of Los Angeles any information needed to determine the appropriate assessment amount. The County of Los Angeles Auditor-Controller shall rely on the assessment figure determined by the City of Los Angeles, shall continue to collect these fees as part of the property tax bill, and shall remit the fees directly to the City of Los Angeles. The new district shall bear no liability for District's Proposition K debt issued after the date of the Election.
- ii. The non-debt component shall consist of the remainder of the new city's proportionate share of the \$25 million annual Proposition K assessment. The amount that the properties in the new city shall be assessed shall be determined by the new city and levied by the new city based upon the benefit points methodology currently used for the District. The City of Los Angeles shall cooperate in providing to the new city any information needed to determine the appropriate assessment amount.

- b. The new city shall be obligated to carry out those projects listed in Proposition K located within the Special Reorganization Area and to otherwise administer the new district in compliance with all responsibilities, powers and limitations of the District as set forth in Proposition K. In addition to the specified projects, the District shall be authorized to allocate funds for competitive projects in accordance with Section 6 of Proposition K.
 - c. Should division of the District into separate districts pursuant to this condition be found unlawful by a final judgment of a court of competent jurisdiction, the other terms and conditions of this Resolution shall remain in full force and effect and the San Fernando Valley Special Reorganization shall remain in effect and shall not be void or invalidated by reason of said term or condition being unlawful, and the District shall thereafter conform to condition 30, below.
30. Proposition K Alternative Condition. This condition shall only be enforceable if condition 29, above, is found unlawful by a final judgment of a court of competent jurisdiction. That portion of Landscaping and Lighting District No. 96-1 (the "District") (Proposition K) located within the new city shall remain part of the District for the purposes of carrying out the specified projects designated in Section 5 of Proposition K, except that the competitive funds designated in Section 5 shall be made available for projects within the boundaries of any city containing territory within the District on a pro rata basis as provided further below.
- a. Specified Projects. The District shall be obligated to carry out all specified projects, unless found infeasible under Section 5, except that the legislative body of any new city which includes territory within the District shall provide input to the Proposition K Steering Committee and Los Angeles City Council regarding priorities for the timing of specified projects in the new city's territory. The timing of those specified projects shall be equitable, taking into consideration the need to complete all specified projects during the life of the District specified in Section 11 of Proposition K.
 - b. Competitive Funds. The funds designated in Section 5 of Proposition K for competitive grants shall be allocated on a pro rata basis for projects to be located within the boundaries of any city which includes territory within the District based upon the share of the

total assessment paid by property owners in each new city in fiscal year 2000-01. The legislative body of each city shall select those competitive projects to be located within its boundaries, in accordance with the responsibilities, powers, and limitations of the District, including the competitive procedures outlined in Section 6 of Proposition K. The legislative body of each city shall provide information regarding the chosen projects to the Proposition K Steering Committee and Los Angeles City Council sufficiently in advance of each annual assessment so that the Los Angeles City Council can timely adopt the Engineer's Report and levy the assessment for the entire District, in accordance with Section 13 of Proposition K.

- c. Administrative and Maintenance Funds. The funds designated in Section 12 of Proposition K for administrative and incidental costs, and for maintenance of completed acquisitions and improvements, shall be made available on a pro rata basis for allocation by each legislative body which includes territory within the District based upon the share of the total assessment paid by property owners in each new city in fiscal year 2000-01. The City Council of Los Angeles shall determine the total amount of these funds to be allocated to each legislative body as part of each annual assessment.
- d. Outstanding Bonded Indebtedness. Property in any new city shall continue to be liable for assessment and payment of its pro rata share of any bonds issued that are secured by Proposition K funds, including related bond trustee costs and costs charged by the County for collection services, based upon the share of the total assessment paid by property owners in each new city in fiscal year 2000-01. The amount that the properties in the new city shall be assessed shall be determined by the City of Los Angeles based upon the benefit points methodology currently used. The new city shall cooperate in providing to the City any information needed to determine the appropriate assessment amount. The County of Los Angeles Auditor-Controller shall rely on the assessment figure determined by the City of Los Angeles, shall continue to collect these fees as part of the property tax bill, and shall remit the fees directly to the City of Los Angeles.
- e. Administration of Specified and Competitive Projects. Within thirty (30) days of the adoption of the ordinance

levying the annual assessment, funds designated in the Engineer's Report to be used for specified or competitive projects in the next fiscal year shall be transferred to an appropriate account under the control of the legislative body of the city in which the project shall be located. That city shall be responsible for ensuring that funds are used in accordance with the requirements of Proposition K.

31. Assessment Districts. The administration of any assessment districts located entirely within the detached territory shall be transferred to the new city after the Effective Date. To the extent that any assessment district is located partially within the new city and partially within the remaining city, that portion located within the new city shall be detached and become the responsibility of the new city.
32. Business Improvement Districts. The administration and any trust fund balances of any Business Improvement District located entirely within the Special Reorganization Area shall be transferred to the new city after the Effective Date. To the extent that any Business Improvement District is located partially within the new city and partially within the remaining City of Los Angeles, that portion located within the new city shall be detached and become the responsibility of the new city.
33. Redevelopment Areas. The City of Los Angeles shall not expand the boundaries of any redevelopment project area within the Special Reorganization Area nor shall it establish any new redevelopment project area during the Transition Period without the consent of the City Council of the new city.
34. Development Agreements. The new city shall succeed to the benefits and be bound by the obligations and duties of the City of Los Angeles with respect to all development agreements entered into prior to the date of the Election, and the City of Los Angeles shall be relieved of any obligation under those agreements. The new city shall indemnify and hold the City of Los Angeles harmless from any claims or actions based on the new city's failure to fulfill or enforce any of the terms of the development agreement or conditions of its approval, including, without limitation, terms or conditions related to environmental mitigation.
35. Conducting Authority. The Board of Supervisors of the County of Los Angeles shall be the Conducting Authority and shall conduct protest proceedings for the San Fernando

Valley Special Reorganization in compliance with Government Code Section 57000, *et seq.*, and this Resolution.

36. Severability. Should any term or condition of this Resolution be found unlawful, unenforceable, invalid or void by a final judgment of a court of competent jurisdiction, all other terms and conditions of this Resolution shall remain in full force and effect and the San Fernando Valley Special Reorganization shall remain in effect and shall not be void or invalidated by reason of said term or condition being unlawful, unenforceable, invalid or void.

BE IT FURTHER RESOLVED by the Local Agency Formation Commission for Los Angeles County that the County of Los Angeles Board of Supervisors is directed to initiate appropriate proceedings in compliance with this Resolution and State Law and that the Executive Officer of this Commission is authorized and directed to:

- a. Mail a certified copy of this Resolution to the chief petitioners;
- b. Mail a certified copy of this Resolution to the affected governmental agencies whose boundaries are affected by the Resolution; and
- c. File a certified copy of this Resolution with the Clerk of the Board of Supervisors of the County.

The foregoing Resolution was adopted by the Local Agency Formation Commission for Los Angeles County on this ___ day of May, 2002, by the following vote:

AYES:

NOES:

Larry J. Calemine
Executive Officer

EXHIBIT A

LEGAL DESCRIPTION OF SAN FERNANDO VALLEY SPECIAL REORGANIZATION AREA

From the point commencing where the City of Los Angeles most northerly boundary intersects with the eastern most edge of the Golden State Freeway and following on the City of Los Angeles boundary on a generally easterly and southerly direction as the boundary follows along the Los Angeles County Boundary, Glendale City Boundary and the Burbank City Boundary until the boundary intersects the western most edge of Barham Boulevard; thence following along the western most edge of Barham Boulevard in a southerly direction to the southern line of the Rancho Providencia Tract; thence westerly and northerly along the Rancho Providencia Tract to the City of Los Angeles and Los Angeles County Boundary at the eastern edge of Universal Studios L.A. County property; thence following the eastern most Universal Studios Los Angeles County boundary in a northerly direction to northern most edge of Universal Studios L.A. County boundary; thence following along the existing City of Los Angeles boundary in a westerly, southerly and then a easterly direction to its intersection with the northern edge of Coral Drive; thence following along the northern edge of Coral Drive in an easterly direction to its intersection with the City of Los Angeles and Los Angeles county boundary at the southern most corner of Universal Studios L.A. County property; thence following the south eastern most Universal Studios Los Angeles County boundary, in a northerly direction to the southern most corner of Lot 117 of Tract No. 7354; thence following along the universal Studio boundary in a generally easterly direction to the western most edge of Barham Boulevard; thence following along the western most edge of Barham Boulevard in a south westerly direction to its intersection with the western most edge of the Hollywood Freeway, thence following along the western most edge of the Hollywood Freeway in a south easterly direction to its intersection with the southernmost edge of Mulholland Drive; thence following along the southern most edge of Mulholland Drive in a westerly direction to its western most intersection with the Topanga State Park boundary; thence following along the Topanga State Park boundary in a generally westerly direction to its intersection with the City of Los Angeles boundary; thence following the City of Los Angeles boundary in a north westerly direction along the Los Angeles County boundary, Calabasas City boundary and Hidden Hills City boundary to the point where the City of Los Angeles boundary first abuts the Ventura County boundary; thence following the City of Los Angeles boundary in a northerly direction to its most north western point; thence following the City of Los Angeles Boundary in an easterly direction until such boundary intersects with the starting point at the Golden State Freeway.

Figure 2

Figure 2: The figure shows the results of the regression analysis for the dependent variable 'Y'.

The figure displays the results of a regression analysis. The dependent variable is 'Y'. The independent variables are 'X1', 'X2', and 'X3'. The regression equation is: $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$. The coefficients are: $\beta_0 = 1.2$, $\beta_1 = 0.5$, $\beta_2 = 0.3$, and $\beta_3 = 0.1$. The standard errors are: $SE(\beta_0) = 0.2$, $SE(\beta_1) = 0.1$, $SE(\beta_2) = 0.1$, and $SE(\beta_3) = 0.1$. The t-statistics are: $t(\beta_0) = 6.0$, $t(\beta_1) = 5.0$, $t(\beta_2) = 3.0$, and $t(\beta_3) = 1.0$. The p-values are: $p(\beta_0) = 0.000$, $p(\beta_1) = 0.000$, $p(\beta_2) = 0.001$, and $p(\beta_3) = 0.316$. The adjusted R-squared is 0.85. The F-statistic is 15.0, and the p-value for the F-test is 0.000. The Durbin-Watson statistic is 1.8, and the p-value for the Durbin-Watson test is 0.15. The Breusch-Pagan statistic is 1.2, and the p-value for the Breusch-Pagan test is 0.75. The White statistic is 1.5, and the p-value for the White test is 0.92. The Ramsey RESET statistic is 1.0, and the p-value for the Ramsey RESET test is 0.40. The overall model fit is good, with a high adjusted R-squared and a significant F-statistic.



San Fernando Valley Special Reorganization EXHIBIT "B"

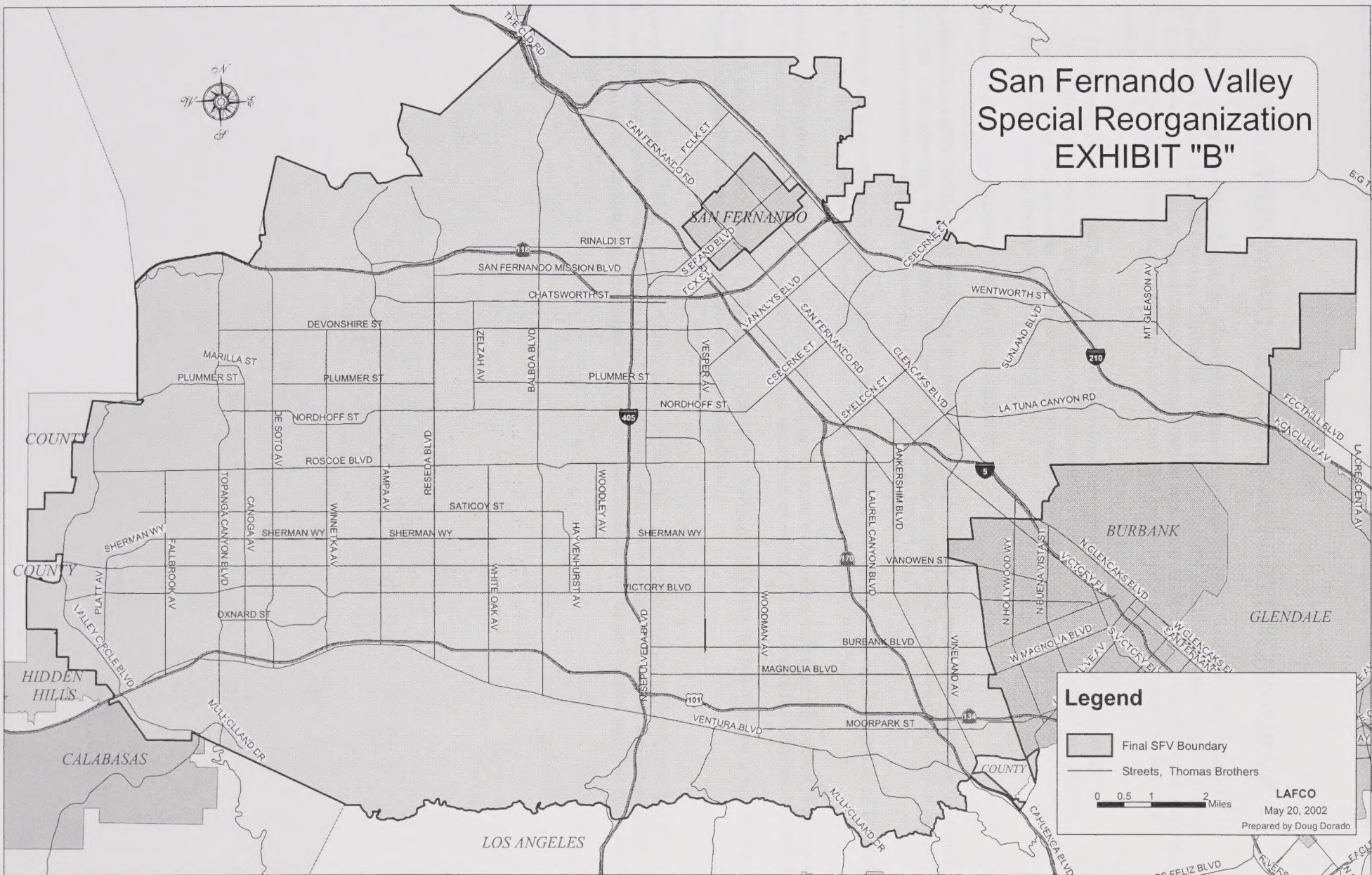


EXHIBIT C

MITIGATION MONITORING AND REPORTING PROGRAM

This document constitutes the Mitigation Monitoring and Reporting Program for the Valley Special Reorganization in Los Angeles County, California. It has been prepared pursuant to the requirements of Public Resources Code 21081.6, which states, among other things, that when a governmental agency adopts or certifies a California Environmental Quality Act document that contains the environmental review of a proposed project:

[T]he public agency shall adopt a reporting or monitoring program for the changes made to the project or conditions of project approval, adopted in order to mitigate or avoid significant effects on the environment. The reporting or monitoring program shall be designed to ensure compliance during project implementation.

This monitoring program contains the following elements:

Mitigation Measures. Mitigation measures are recorded with the action and procedure necessary to ensure compliance. The following table contains mitigation measures from the *Final Environmental Impact Report, Special Reorganization of the San Fernando Valley Area* (May 2002).

Monitoring and Reporting Process. A procedure of compliance and verification has been outlined for each action necessary. This procedure designates what action the new Valley City will take.

Monitoring Milestone. This procedure designates when the new Valley City will take the action. For most actions, the compliance date is immediately upon incorporation or within 12 or 30 months after incorporation.

Initials and Date. A representative of the new Valley City shall sign and date the appropriate column when a procedure necessary to ensure compliance has been completed.

The program outlined in Table 1 has been designed to be flexible. As monitoring progresses, changes to compliance procedures may be necessary based on recommendations by those responsible for the program. If changes are made, new monitoring compliance procedures and records will be developed and incorporated into the program.

REPORT ON THE PROGRESS OF THE WORK

The following report is submitted to the Board of Directors for their consideration and approval. It contains a summary of the work done during the year ending 31st December 1924, and a statement of the financial position of the company at that date.

The work done during the year has been in accordance with the programme of work approved by the Board at its meeting on 15th November 1923. The principal items of work have been the completion of the design of the new engine, and the construction of the prototype.

The design of the new engine has been completed, and the prototype has been constructed. The engine has been run at various speeds, and the results have been satisfactory. The prototype has been found to be capable of running at a speed of 1,000 revolutions per minute, and of developing a power of 100 horsepower.

The results of the work done during the year have been very satisfactory, and it is hoped that the Board will be pleased with the progress made.

The financial position of the company at the end of the year is also satisfactory. The assets of the company are valued at £10,000, and the liabilities at £5,000. The net assets are therefore £5,000, which is a very satisfactory result.

The work done during the year has been in accordance with the programme of work approved by the Board, and the results have been very satisfactory. It is hoped that the Board will be pleased with the progress made.

EXHIBIT D

CEQA FINDINGS OF FACT FOR THE FINAL EIR FOR THE VALLEY SPECIAL REORGANIZATION LOS ANGELES COUNTY, CALIFORNIA

1.0 INTRODUCTION

The Local Agency Formation Commission for Los Angeles County (Commission) hereby certifies and finds that the San Fernando Valley Special Reorganization Project Final Environmental Impact Report (Final EIR), State Clearinghouse Number 2002011070 (which consists of the Draft Environmental Impact Report dated March 2002, the Comments and Response to Comments, and an Addendum to the Draft EIR), which is a Program EIR, has been completed in compliance with the California Environmental Quality Act (Public Resources Code Section 21000 *et seq.*, "CEQA") and that the Commission received, reviewed, and considered the information contained in the Final EIR, and contained in all hearings and submissions of testimony from the Applicant (as defined below), the public and other agencies, and that the Final EIR reflects the independent judgment of the Commission regarding the environmental impacts of the San Fernando Valley Special Reorganization. Concurrently with the adoption of these Findings, the Commission adopts a Mitigation Monitoring and Reporting Program as part of this Final EIR.

Having received, reviewed, and considered the foregoing information, as well as any and all information in the administrative record, the Commission hereby makes Findings pursuant to and in accordance with Section 21081 of the Public Resources Code as follows:

1.1 PROJECT BACKGROUND AND ENVIRONMENTAL IMPACT REPORT PROCESS

The project for the purposes of CEQA is the Commission's discretionary approval of the proposed San Fernando Valley Special Reorganization (the "Proposed Project").

Notice of Preparation. The Executive Officer initiated the environmental process with circulation of a notice of preparation ("NOP"), which was sent to responsible agencies and interested individuals for a 30-day review period from January 18, 2002 to February 19, 2002. The NOP, identifying the scope of environmental issues, was distributed to 64 organizations, interested parties, and state, federal, and local agencies. The NOP and the responses to the NOP from agencies and individuals are included in Appendix A to the Draft EIR. A total of 12 comment letters were received.

Initial Study. An Initial Study for the Proposed Project was presented to the public at the January 23, 2002 Commission hearing. The Initial Study, which identifies the full range of potential environmental effects associated with the Proposed Project, is contained in Appendix B to the Draft EIR.

Public Scoping Meeting. A Public Scoping Meeting was held on January 31, 2002, at the Kenneth Hahn Hall of Administration to give the public the opportunity to provide comments as related to the Proposed Project and the issues the public would like addressed in the EIR.

Draft EIR. The Draft EIR was distributed for public review on March 14, 2002, for the 45-day review period with the comment period expiring on April 29, 2002. Six comment letters were received at the close of the public comment period. The specific and general responses to comments are in the Final EIR, Appendix C. Responses to public agency comments were distributed to those public agencies on May 13, 2002.

Notice of Completion. A Notice of Completion was sent with the Draft EIR to the Governor's Office of Planning and Research State Clearinghouse on March 14, 2002, and notice was provided in newspapers of general and/or regional circulation.

Final EIR. The Final EIR was distributed on May 21, 2002.

Certification. On May 22, 2002, the Commission held a public hearing on the Special Reorganization of the San Fernando Valley Final EIR and certified the Final EIR.

The Final EIR has been prepared by the Commission in accordance with CEQA, as amended, and State Guidelines for the implementation of CEQA. The Final EIR is a Program EIR prepared in accordance with CEQA Guidelines Section 15168(a). The Commission has relied on Section 15084(d)(2) of the CEQA Guidelines, which allows contracting with another entity, public or private, to prepare the Draft EIR. The Commission has reviewed drafts of all portions of the EIR and subjected them to its own review and analysis. The Draft EIR which was released for public review reflected the independent judgment of the Commission.

1.2 PROJECT FINDINGS INTRODUCTION

The Findings made by the Commission on the proposed Valley Special Reorganization in Los Angeles County, California, pursuant to Section 21081 of CEQA, and Section 15091 of the *CEQA Guidelines*, are presented below. All significant impacts of the Proposed Project identified in the Final EIR are described herein and are organized according to the resource affected (solid waste, water resources, and so forth.)

The Findings in this document are for the proposed Valley Special Reorganization and are supported by information and analysis from the EIR, including the responses to all public and agency comments. Where applicable, these Findings note the documents that contain the substantiation for each Finding.

For each significant impact, a Finding must be made as to one or more of the following, as appropriate, in accordance with Public Resources Code Section 21081 and CEQA Guidelines Section 15091:

- A. Changes or alterations have been required in, or incorporated into, the Proposed Project that avoid or substantially lessen the significant environmental effect as identified in the Final EIR;
- B. Such changes or alterations are within the responsibility of another public agency and not the agency making the finding. Such changes have been adopted by such other agency or can and should be adopted by such other agency; and/or
- C. Specific economic, legal, social, technological and/or other considerations make infeasible the mitigation measures or project alternatives identified in the Final EIR.

For each significant impact identified in the Final EIR, a Finding has been made that changes or alterations have been required in, or incorporated into, the Proposed Project that avoid or substantially lessen the significant environmental effect as identified in the Final EIR. A narrative of supporting facts follows the appropriate Finding.

1.3 PROJECT DESCRIPTION AND OBJECTIVES

1.3.1 PROJECT DESCRIPTION

The Proposed Project is the Valley Special Reorganization. It consists of a proposed special reorganization of the City of Los Angeles that would result in the formation of a new city (referred to herein as "Valley City") as a separate municipal entity within a portion of what is now the City of Los Angeles. The special reorganization has been proposed by the Valley Study Foundation, Inc. (the "Applicant"), which has submitted a valid petition and application to the Commission to initiate these proceedings.

Project Location. The area subject to the proposed Valley Special Reorganization is located generally north of Mulholland Drive, in the City of Los Angeles. The project area encompasses approximately 222 square miles with an estimated population of 1.3 million. It does not include the City of San Fernando, located to the south of the community of Sylmar. To the north of the proposed new Valley City is unincorporated County of Los Angeles territory. To the east are the Cities of Burbank and Glendale, and Universal City (unincorporated). To the West are Ventura County and the Cities of Hidden Hills and Calabasas. To the south are the City of Los Angeles and Universal City.

Proposed Form of Government. Consistent with the Cortese-Knox Local Government Reorganization Act of 1985 (the "Cortese-Knox Act"), the Applicant proposes that, upon incorporation, the new city would adopt the ordinances of the City of Los Angeles, including its general plan and zoning ordinances, to govern the new Valley City until such time as the new city prepares and adopts its own ordinances. In the documents submitted, the Applicant has not expressed any intention to materially alter the general plan and zoning ordinances currently in effect. The new City Council would have the discretion to do so. If the Valley Special Reorganization were approved, the San Fernando Valley area would be incorporated as a general law

city. The new Valley City would have an elected city council of 14 members and a Mayor.

Proposed Service Providers. The Applicant has proposed a transition period of up to three years. The City of Los Angeles has requested that the Commission not set a transition period of more than one year. The Subcommittee on Findings, Terms, and Conditions (Subcommittee) has recommended an 18-month transition period to the Commission, with an effective date of January 1, 2003. For the purposes of analysis, it was assumed that the Proposed Project included an 18-month transition period. The Executive Officer has recommended a one-year transition period with an effective date of July 1, 2003 which shortens the actual transition period, but provides the parties a six-month start-up period before the effective date to prepare for the transition. The Commission has adopted this recommendation, and finds that it does not alter the potential environmental impacts as analyzed in the Final EIR because the recommended transition period is effectively 18 months.

During the transition period, the new Valley City would continue to rely on the City of Los Angeles for the provision of all municipal services until the new city and the City of Los Angeles negotiate for the new city's assumption of direct responsibility for providing some or all of its own services and/or the establishment of a contractual arrangement between the new Valley City and the City of Los Angeles for the continued provision of some or all municipal services.

For some services currently being performed by the City of Los Angeles, it might not be possible to divide existing infrastructure or equipment between the new Valley City and the City of Los Angeles by the end of the transition period. These City of Los Angeles services, such as utility service, radio systems, and certain computer networks, utilize large-scale systems that have been designed for specific uses, and might be difficult to divide. In such cases, it was assumed that the new Valley City would contract for these particular services.

It is assumed that the City of Los Angeles through a franchise agreement or other type of agreement will provide utility services to the new Valley City, at the service levels currently provided.

The focus of analysis in this Program EIR is on the scenario that occurs after the transition period. Because the City of Los Angeles will continue to provide all municipal services during the transition period, there would be no potential impacts caused by the Proposed Project for that time period. After the transition period, it is assumed that the new Valley City would provide many of its own municipal services and contract for those services it could not provide directly. Table 1 lists the City of Los Angeles departments and those services that the Valley City will likely provide directly and those it would likely seek to have provided through contract.

Table 1
Service Provision for the New Valley City after Transition Period

Department and/or Service	Corresponding Services Provided by
City Administrative Offices	New Valley City.
Aging	New Valley City. Los Angeles County would provide OAA-funded services. ¹
Animal Services	New Valley City. Contract services for collection of delinquent license fees.
Building and Safety	New Valley City. Contract services for fencing and parking validation.
City Attorney	New Valley City. Contract services for outside counsel.
City Clerk	New Valley City. Contract services for some administration of Business Improvement Districts.
Commission on Children, Youth and their Families	New Valley City. Contract out for miscellaneous professional services.
Commission on the Status of Women	New Valley City.
Community Development	New Valley City. Contract various office services.
<i>Table 1 (continued)</i>	
Department and/or Service	Corresponding Services Provided by
Community Redevelopment Agency	Not provided by new Valley City.
Controller	New Valley City. Contract out for auditing services and other professional services.
Council	New Valley City.
Cultural Affairs	New Valley City. Contract out for an assortment of maintenance and professional services.

Disability	New Valley City.
Emergency Preparedness	New Valley City.
Employees Relations Board	New Valley City.
Environmental Affairs	New Valley City.
Ethics Commission	New Valley City.
Finance	New Valley City.
Fire	New Valley City. Contract out for stress management, emergency medical advisor services, and various other services.
General Services	New Valley City. Contract out for security, mail, consulting, and various utility services.
Housing	New Valley City.
Human Relations Commission	New Valley City.
Information Technology Agency	New Valley City. Contract out for telecommunications service, computer programming, technical training, and information technology project management.
Library	New Valley City. Contract out for support of information technology.
Mayor	New Valley City.
Neighborhood Empowerment	New Valley City.
Personnel	New Valley City. Contract for employee training, advertising, systems development, executive recruitment, employee benefits consulting, discrimination investigation, benefits administration, contract hospitals, and physician services.
Planning	New Valley City.
Police	New Valley City.
Public Works	
Board of Public Works	New Valley City. Contract out for graffiti removal.
Bureau of Accounting	New Valley City.
Bureau Management-Employee Relations	New Valley City.
Contract Administration	New Valley City.
Bureau of Engineering	New Valley City.
Bureau of Sanitation	New Valley City for solid resources management and storm water services. Contract out for wastewater services.
Bureau of Street Lighting	New Valley City.
Bureau of Street Services	New Valley City. Contract out for asphalt recycling, tree trimming, and hauling.
Recreation and Parks	New Valley City. Contract out for parking citation processing and parking lot operation.
Transportation	New Valley City. Contract out for ATSAC. ²
Water and Power	Contract out for water and power services.
Notes: ¹ OAA = Older Americans Act ² ATSAC = Automated Traffic Surveillance and Control System.	

At the end of the transition period, according to the Applicant, the new Valley City would provide the services currently provided by the City of Los Angeles, whether directly or by contracting with the City of Los Angeles or other entities. During or after the transition period, certain infrastructure, facilities, and assets of the City of Los Angeles may be transferred to the new Valley City. In addition, certain staff may be transferred to the new city, as it assumes direct responsibility for providing services.

Proposed Number of Employees. During the transition period, the new Valley City would employ sufficient staff to perform primarily administrative duties. After the transition period, the Applicant proposes that a number of persons staffing each service department of the City of Los Angeles would be allocated to the Valley City. Identified in the *San Fernando Valley Proposal for Special Reorganization Comprehensive Fiscal Analysis* (Public Financial Management, Inc., January, 2002) by applying benchmarks from budget documents of California cities that have incorporated since 1997, the number of staff that the new city would require is approximately 9,200, based on an apportionment of City of Los Angeles employees that currently serve the Valley.

It is assumed that the general manager or executive director positions that are currently with the City of Los Angeles would likely remain with the City, and the new Valley City would fill its top management positions from other City staff transferred or from outside hiring. It is assumed that other staff positions are most likely

to be filled through voluntary transfers of City of Los Angeles staff to the new Valley City.

For the purpose of analysis, it is assumed that approximately 85 percent of the 9,200 new Valley City employees would already be employed in this area. These employees would merely switch jobs. The remaining 15 percent (1,380 employees) would be new hires who never had a job before or who had never worked in the Valley before. Throughout the EIR, this additional number of employees is a focus for impact analysis.

Proposed Equipment and Facilities. In addition to a transfer of personnel, the Proposed Project may include a transfer of properties, equipment, vehicles, and maintenance facilities in the Valley, and certain telecommunications, and information technology systems necessary to support those functions. The Program EIR did not address whether or not compensation would be paid for assets that may be transferred pursuant to the Proposed Project. For most departments, the proposed transfer of personnel, facilities, and equipment would give the proposed Valley City the means to provide the services that the Valley area currently receives from the City of Los Angeles.

1.3.2 PROJECT OBJECTIVES

On December 9, 1998, the chief petitioners filed petition signatures with the Commission for verification of sufficiency. On March 15, 1999, the Executive Officer certified that the petition was sufficient, as it contained more than the 131,771 valid registered voter signatures required for a sufficiency.

The application requested that a portion of the City of Los Angeles within the San Fernando Valley area be reorganized into a new city separate from the City of Los Angeles. In addition to the application, the Applicant has submitted to the Commission the following documents further elaborating on the Applicant's proposal for Valley Special Reorganization: the *Applicant's Preliminary Vision Statement for a Valley City* (May 2000) and, later, the *Special Reorganization of the San Fernando Valley Reorganization Plan* (May 2001).

As stated in the preliminary vision statement by the Valley Study Foundation, Inc., the:

[R]esidents of the San Fernando Valley have petitioned for a study of reorganizing Los Angeles into two smaller cities because they seek the following long-term results from local government:

- 1. Greater local control over local neighborhoods and decisions affecting their quality of life;*
- 2. Improved basic services;*
- 3. Lower Taxes and Fees;*
- 4. Safe and Clean Neighborhoods;*
- 5. Short, medium and long term planning based on the public's priorities;*
- 6. A Business environment that encourages new businesses, seeks to retain existing businesses, and seeks to create new quality jobs;*
- 7. Equal Opportunity and fair representation for all residents;*
- 8. Equity in the distribution of services and representation; and*
- 9. Government that is accessible, accountable, and responsive.*

1.4 PROJECT ANALYSIS

The detailed analysis of potential environmental impacts and proposed mitigation measures for the Special Reorganization of the San Fernando Valley is presented in Chapter 3.0 of the EIR. Responses to comments and any clarifications or revisions to the Draft EIR are provided in Appendix C of the Final EIR.

Within the Final EIR is the evaluation of 11 major environmental categories for project specific and cumulative impacts with respect to potential significant adverse impacts. The environmental categories include the following:

Solid Waste Management
Wastewater
Flood Control and Drainage
Electricity
Water Resources

Transportation
Fire and Emergency Medical
Services
Police Services

Other Services
Loss of Certain Revenue
Sources
Potential Boundary Change

Of these environmental categories, the Commission concurs with the conclusions in the Final EIR that the potential impacts described can be mitigated to a level of less than significance. In addition to the environmental categories addressed in the Final EIR, 13 other major categories were found to be non-significant in the Initial Study prepared for the Special Reorganization of the San Fernando Valley. These are as follows:

Aesthetics
Agricultural Resources
Air Quality
Biological Resources
Cultural Resources

Geology and Soils
Hazards and Hazardous
Materials
Hydrology and Water
Quality
Land Use and Planning

Mineral Resources
Noise
Population and Housing
Recreation

The Commission concurs with the conclusions on these categories as outlined in the Initial Study (Appendix B of the EIR) and finds that no significant impacts have been identified as to those categories identified in the Initial Study, and no further analysis is required.

1.5 PROJECT FINDINGS ORGANIZATION

This Findings document is organized as follows:

Section 1 – Introduction and Background

Section 2 – Potential environmental effects of the Proposed Project that are less than significant.

Section 3 – Potentially significant environmental effects of the Proposed Project that have been mitigated to a level of less than significance.

Section 4 – Cumulative effects of the Proposed Project that have been mitigated to a level of less than significant.

Section 5 – Unavoidable Significant Environmental Effects, Irreversible Environmental Impacts, and Growth Inducing Impacts

Section 6 – Alternatives to the Proposed Project.

Section 7 – Findings regarding the Mitigation Monitoring and Reporting Program.

Section 8 – CEQA Guidelines section 15091 and 15092 findings.

Section 9 – CEQA section 21082.1 (c) findings.

Section 10 – List of acronyms and references.

2.0 POTENTIAL ENVIRONMENTAL EFFECTS OF THE PROPOSED PROJECT THAT ARE LESS THAN SIGNIFICANT

The following issues were identified in the Initial Study (Appendix B of the EIR) as having the potential to cause significant impact and were carried forward to the EIR for detailed evaluation. These issues were evaluated in the Draft EIR and found to have no potential to cause significant impact and, therefore, require no project-specific mitigation measures. In the following presentation, each resource issue is identified and the potential for significant adverse environmental effects is discussed.

2.1 ELECTRICITY

Impact: The Proposed Project could increase the demand for electricity.

Finding: There would be no impacts associated with the Valley Special Reorganization with respect to the provision of electricity in either the Valley Special Reorganization area or the remaining City of Los Angeles.

Facts Supporting the Finding

The Los Angeles Department of Water and Power (DWP) exists as a separate proprietary agency of the City of Los Angeles. It provides electric service to all residents and businesses located within the city limits of Los Angeles and to portions of the Owens Valley, which is bounded by the Sierra Nevada on the west and the White and Inyo Mountains on the east. Electricity is distributed through an extensive distribution network. DWP operates receiving and distribution stations, and electricity is distributed to customers through a network of overhead and underground power lines. Currently there are no deficiencies in the distribution system.

No population or employment levels would increase significantly as a result of the Proposed Project; thus, there would be no significant increase in electric power demand. The City of Los Angeles DWP would continue to provide electricity services to the new Valley City.

2.2 POTENTIAL BOUNDARY CHANGE

Impact: The removal of the Cahuenga Pass area from the boundaries of the Valley Special Reorganization area would eliminate the services of Fire Station 76, which is a paramedic assessment engine company, and tied geographically to the Cahuenga Pass area. The removal of the Cahuenga Pass area would also cause that area to remain within the Los Angeles Police Department Division, which may affect police service levels per 1,000 population.

Finding: The inclusion or exclusion of the Cahuenga Pass area would not require alteration of the mitigation measures for fire or police services recommended in Sections 3.7 and 3.8 of the EIR.

Facts Supporting the Finding

The Cahuenga Pass area is comprised primarily of low-density residential development located in the foothills of the Santa Monica Mountains. The area also includes several commercial and retail establishments. The Cahuenga Pass, a 490-acre "peninsula" located at the southeast corner of the Valley Special Reorganization area, may be excluded from the Valley Special Reorganization. It has a population of 3,498, which represents 0.26 percent of the population within the proposed boundaries of the new Valley City. The *San Fernando Valley Proposal for Special Reorganization Supplemental Report* (Public Financial Management, Inc., February 21, 2002) addresses the potential fiscal impacts of exclusion of the Cahuenga Pass area from the Valley Special Reorganization area. This area is included within the proposed boundaries of the Hollywood Special Reorganization, which has also been analyzed in a Program EIR, and could become part of the new Hollywood City.

Currently, the Cahuenga Pass area is served by City of Los Angeles personnel and facilities located in the San Fernando Valley. The area receives fire service from the Los Angeles Fire Department Station 76 and police service from the Los Angeles Police Department North Hollywood station. There are no libraries or cultural facilities in the area. In general, the Cahuenga Pass does not have dedicated service territories, but shares municipal service with areas to the north that are within the San Fernando Valley.

Regardless of which city the Cahuenga Pass eventually becomes a part of, it would be joined in a variety of agreements with other jurisdictions for cooperative response and management of fires and other emergency incidents. The services are accepted and rendered at the discretion of the respective jurisdictions, depending upon factors such as availability of personnel and equipment. With such emergencies, usually the nearest fire units, regardless of jurisdictional boundaries, respond to fire or emergency medical calls. With mutual aid agreements, personnel and equipment are lent to jurisdictions experiencing major incidents that exceed their resources (*Safety Element*, page II-5).

As for police services, the Cahuenga Pass area service levels would continue to have approximately 1.1 sworn officers per 1,000 population if it were part of the North Hollywood Division and approximately 1.6 sworn officers if it were part of the Hollywood Division. In both instances, the service level per 1,000 population would be well below the national standard of 4.0 sworn officers per 1,000 population, and is an existing condition not caused by the Proposed Project.

3.0 POTENTIALLY SIGNIFICANT ENVIRONMENTAL EFFECTS OF THE PROPOSED PROJECT THAT HAVE BEEN MITIGATED TO A LEVEL OF LESS THAN SIGNIFICANT

The following issues were identified in the Initial Study (Appendix B of the EIR) as having the potential to cause significant impact and were carried forward to the EIR for detailed evaluation.

The Commission hereby finds, pursuant to Section 21081 that the following potential environmental impacts can and will be mitigated to below a level of significance, based upon the implementation of the mitigation measures from the Final EIR. Each mitigation measure discussed in this section of the findings is assigned a letter or letters and a number, correlating it with the Mitigation Monitoring and Reporting Program included in the Final EIR and adopted by the Commission to provide for the enforcement of such mitigation measures. Specific findings of the Commission for each category of such impacts are set forth in detail below.

3.1 SOLID WASTE MANAGEMENT

Impact: The creation of an additional number of government employees in the new Valley City could result in a significant impact to solid waste generation.

Finding: Implementation of the mitigation measures set forth in Section 3.1 of the Final EIR will ensure that the source of solid waste is reduced, disposal of waste is minimized, and programs are in place for diversion of solid waste, reducing the impact to a less than significant level.

Facts Supporting the Finding

The potential impacts of increased solid waste volumes are discussed in Section 3.1 of the Final EIR. Four tons per day of additional solid waste would be generated by a possible addition of 1,380 employees. The new Valley City would provide its own solid waste services after the transition period. Conditions contained in the mitigation measures avoid or substantially lessen the significant environmental effects analyzed in the Final EIR such that no significant impacts remain.

The following mitigation measures from the Final EIR will mitigate these impacts to below a level of significance.

- SW1. The new Valley City shall seek to ensure that all mixed solid waste that cannot be reduced, recycled, or composted is collected, transferred, and disposed of in a manner that minimizes adverse environmental impacts.
- SW2. The new Valley City shall maintain an environmentally sound solid waste management system that protects public health, safety, and natural resources and minimizes adverse environmental impacts.
- SW3. The new Valley City shall prepare a 30-year policy plan that provides direction for the solid waste management decision-making process.
- SW4. The new Valley City shall establish citywide diversion objectives.
- SW5. The new Valley City shall define specific programmatic tasks, roles, and responsibilities for source reduction, composting, special waste, and public education goals, as well as an implementation schedule.
- SW6. The new Valley City shall ensure that it acquires adequate landfills and recycling capacities to dispose of solid waste.
- SW7. The new Valley City shall pursue the development of a transfer station in the central Los Angeles area that will allow the new Valley City access to desert rail-haul disposal facilities.

3.2 WASTEWATER

Impact: The creation of an additional number of government employees in the new Valley City could result in a significant impact to wastewater flow. In addition, the wastewater services that the City of San Fernando currently receives from the City of Los Angeles through contract could be affected if the new Valley City provided wastewater service in the Valley Special Reorganization area.

Finding: Implementation of the mitigation measures set forth in Section 3.2 of the Final EIR will reduce

potential impacts related to wastewater to a level that is less than significant.

Facts Supporting the Finding

The potential impacts related to wastewater are discussed in Section 3.2 of the Final EIR. Approximately 38,640 gallons per day or approximately 0.04 million gallons per day of additional effluent would be created by a possible addition of 1,380 employees. Wastewater services would be provided by contract after the transition period. Conditions contained in the mitigation measures avoid or substantially lessen the significant environmental effects analyzed in the Final EIR such that no significant impacts remain.

In addition, the City of Los Angeles currently provides wastewater service to the City of San Fernando through a contract for services. The City of San Fernando is completely surrounded by the Valley Special Reorganization area. Although it is assumed that the City of Los Angeles would continue to provide wastewater service to the City of San Fernando and the new Valley City, if the City of Los Angeles did not provide wastewater service to the new Valley City, service to the City of San Fernando could be impacted.

The following mitigation measures from the Final EIR will mitigate this impact to below a level of significance.

- WW1. The new Valley City shall ensure that its own wastewater generation is monitored.
- WW2. The new Valley City shall ensure that its own wastewater flow quantities are monitored in the collection system and are conveyed to the treatment plants.
- WW3. The new Valley City shall ensure that its own wastewater effluent that is discharged into the Los Angeles River and Santa Monica Bay is monitored for compliance with water quality requirements.
- WW4. The new Valley City shall ensure that its own wastewater is collected and treated as required by law and Federal, State, and regional regulatory agencies.
- WW5. The new Valley City shall ensure that its own wastewater treatment capacity is maintained commensurate with population and industrial needs.
- WW6. The new Valley City shall ensure that other means of expanding the wastewater system's capacity are reviewed.
- WW7. The new Valley City shall ensure that its hazardous substances and the total amount of flow entering the wastewater system are reduced.
- WW8. The new Valley City shall ensure that treated wastewater is used for irrigation, groundwater recharge, and other beneficial purposes.
- WW9. Should the new Valley City ever assume responsibility for the provision of wastewater service and operation of the wastewater system within its boundaries, it shall accept the obligations of the City of Los Angeles with respect to any then existing wastewater service agreement with the City of San Fernando, unless the three cities agree otherwise.

3.3 FLOOD CONTROL AND DRAINAGE

Impact: The Proposed Project would not increase the amount of impervious surface, and thus would not substantially increase stormwater runoff within the Valley Special Reorganization area or the remaining City of Los Angeles. Responsibility for the City of Los Angeles storm drain system in the Valley Special Reorganization area would be transferred to the new city.

Finding: Implementation of the mitigation measures set forth in Section 3.3 will ensure that potential impacts would be reduced to a level that is less than significant.

Facts Supporting the Finding

The flood control and drainage issues with respect to the Valley Special Reorganization area and the remaining City of Los Angeles are discussed in Section 3.3 of the Final EIR. The new Valley City would take over the responsibility for constructing local interconnecting tributary drains for the Valley Special Reorganization area after the transition period. The Los Angeles County Flood Control District (LACFCD) would continue to construct the major storm drains and open flood control channels as it does currently. The new Valley City would design proposed drainage facilities consistent with the Los Angeles Flood Control

District guidelines found in County of Los Angeles Department of Public Works' Hydrology, Hydraulics, and Structural Manuals. The LACFCD would continue to design for a 50-year storm event and the U.S. Army Corps of Engineers for a 100-year event. However, the Proposed Project would not increase the amount of impervious surface, and thus would not substantially increase stormwater runoff within any area.

The following mitigation measures from the Final EIR will mitigate any flood control and drainage impacts to below a level of significance.

- FC1. The new Valley City shall consider appropriate methodologies to protect significant remaining open spaces for resource protection and mitigation of environmental hazards, such as flooding, in and on the territory of the Valley Special Reorganization, with the following incentives:
 - a. Use of tax incentives for landowners to preserve their lands;
 - b. Development rights exchanges in the local area; and
 - c. Participation in land banking, public acquisition, land exchanges, and Williamson Act contracts.
- FC2. The new Valley City shall encourage the preservation of floodplains, landslide areas, and steep terrain areas as open space, wherever possible, to minimize the risk to public safety.
- FC3. The new Valley City shall develop a stormwater management system that has adequate capacity to protect its citizens and property from flooding that results from a 10-year storm (or a 50-year storm in sump areas).
- FC4. The new Valley City shall assign the cost of stormwater system improvements proportionately to reflect the level of runoff generated and benefits.
- FC5. The new Valley City shall implement programs to correct any existing deficiencies in the stormwater collection system.
- FC6. The new Valley City shall ensure that the drainage system located within its territory is adequately maintained.
- FC7. The new Valley City shall pursue funding strategies that link the sources of revenues for stormwater system improvement to relevant factors, including sources of runoff and project beneficiaries.
- FC8. The new Valley City shall establish standards and/or incentives for the use of structural and non-structural techniques that mitigate flood hazards and manage stormwater pollution.
- FC9. The new Valley City shall consider a range of strategies designed to reduce flood hazards and manage stormwater pollution. The strategies considered will include, but not necessarily be limited to, the following:
 - a. Support regional and local programs that intercept runoff for beneficial uses, including groundwater recharge;
 - b. Protect and enhance the environmental quality of natural drainage features;
 - c. Create stormwater detention and/or retention facilities that incorporate multiple uses, such as recreation and/or habitat;
 - d. Encourage on-site detention/retention and reuse of runoff;
 - e. Mitigate existing flood hazards through structural modifications (flood-proofing) or property buyout;
 - f. Incorporate site design features that enhance the quality of offsite runoff; and
 - g. Encourage the removal from floodways and sumps of inappropriate structures threatened by flooding and establish appropriate land uses that benefit or experience minimal damage from flooding.
 - h. Investigate watershed management opportunities to maximize capture of local rainfall in the new Valley City, eliminate incremental increase in flows to the storm drain system, and provide filtering flows to capture contaminants.
- FC10. The new Valley City shall be actively involved in the regional National Pollutant Discharge Elimination System (NPDES) municipal stormwater permit.
- FC11. The new Valley City shall develop and implement educational outreach programs designed to foster an environmentally aware citizenry.
- FC12. The new Valley City shall investigate management practices that reduce stormwater pollution to identify technically feasible and cost-effective approaches, through the following:
 - a. Investigation of sources of pollution using monitoring, modeling, and special studies;
 - b. Prioritization of pollutants and sources;

- c. Conducting research and pilot projects to study specific management practices for the development of standards; and
- d. Development of requirements that establish implementation standards for effective management practices.

FC13. The new Valley City shall submit its Unmet Drainage Needs to the Los Angeles County Public Works' Watershed Management Division.

3.4 WATER RESOURCES

Impact: The emergency water services that the City of San Fernando currently receives from the City of Los Angeles through contract could be affected if the new Valley City provided water service in the Valley Special Reorganization area.

Finding: Implementation of the mitigation measure set forth in Section 3.5 of the Final EIR will reduce potential impacts related to water resources to a level that is less than significant.

Facts Supporting the Finding

The City of Los Angeles currently provides emergency water service to the City of San Fernando through a contract for services. The City of San Fernando is completely surrounded by the Valley Special Reorganization area. Although it is assumed that the City of Los Angeles would continue to provide water service to the City of San Fernando and the new Valley City, if the City of Los Angeles did not provide water service to the new Valley City, service to the City of San Fernando could be affected.

The following mitigation measure from the Final EIR will mitigate this impact to below a level of significance.

- W1. Should the new Valley City ever assume responsibility for the provision of water service within its boundaries, it shall accept the obligations of the City of Los Angeles with respect to any then existing water service agreement with the City of San Fernando, unless the three cities agree otherwise.

3.5 TRANSPORTATION

Impact: There could be additional trips within the Valley area caused by an additional 1,380 employees.

Finding: Implementation of the mitigation measures set forth in Section 3.6 of the Final EIR will reduce potential impacts related to transportation to a level that is less than significant.

Facts Supporting the Finding

The potential impacts related to transportation are discussed in Section 3.6 of the Final EIR. The analysis concluded that there is the potential to cause additional trips. The Final EIR analysis concluded that the creation of an additional number of government employees in the new Valley City could result in a significant impact to transportation by causing additional trips.

The following mitigation measures from the Final EIR will mitigate this impact to below a level of significance.

- T1. The new Valley City shall continue progress in trip reduction through implementation of Clean Air Program projects seeking to meet or exceed 2010 market levels of ridesharing, transit ridership (10.3 percent of peak hour trips), and telecommuting (6.8 percent of peak hour work trips).
- T2. The new Valley City shall proactively support the regional implementation of market incentives to achieve regional levels of trip reduction in State and Federal Clean Air Acts, while protecting the economic future of the new Valley City and the region. The new Valley City shall develop trip reduction targets.
- T3. The new Valley City shall pursue the creation of regional contingency and/or backstop transportation control measures that utilize market incentives to ensure the ultimate attainment of trip reduction and mobile source emission reduction mandates.
- T4. The new Valley City shall develop an adequate fiber optics infrastructure to enable continued growth in communications technologies and support the practice of telecommuting to achieve a reduction in home-to-work person trips.

- T5. The new Valley City shall work collaboratively with other local, regional, State, and Federal agencies to expand the ridership of the bus system by 5 percent per year.
- T6. The new Valley City shall support the Automated Traffic Surveillance and Control (ATSAC) program throughout the Valley Special Reorganization area.
- T7. The new Valley City shall work collaboratively with other local, regional, State, and Federal agencies on the development of expanded multi-modal transportation capacity between the Valley Special Reorganization area and North Los Angeles County, leading to the implementation of new capacity by 2010.
- T8. The new Valley City shall maintain present levels of parking enforcement, traffic control, and traffic engineering.

3.6 FIRE AND EMERGENCY MEDICAL SERVICES

Impact: The service impacts could be significant if certain fire or emergency medical services are not provided or response times are diminished from their present levels in the new Valley City or the remaining City of Los Angeles. In addition, the fire services that the City of San Fernando currently receives from the City of Los Angeles through contract could be affected if the new Valley City provided fire service in the Valley Special Reorganization area.

Finding: Implementation of the mitigation measures set forth in Section 3.7 of the Final EIR will reduce potential impacts related to fire and emergency medical services to a level that is less than significant.

Facts Supporting the Finding

The potential impacts related to fire services are discussed in Section 3.7 of the Final EIR. The Los Angeles Fire Department's shortages of engine company and truck company service availability is an ongoing existing condition that is not because of the Proposed Project, but would continue to occur with the Proposed Project. The analysis concluded that there is the potential to inherit the shortages of engine company and truck company service availability, and that, dependent on the outcome of negotiations for the continued provision of fire and emergency medical services, service impacts could be significant if certain fire or emergency medical services are not provided or response times are diminished from their present levels in the new Valley City or the remaining City of Los Angeles.

In addition, the City of Los Angeles currently provides fire service to the City of San Fernando through a contract for services. The City of San Fernando is completely surrounded by the Valley Special Reorganization area. Although it is assumed that the City of Los Angeles would continue to provide fire service to the City of San Fernando and the new Valley City for the foreseeable future, if the City of Los Angeles did not provide fire service to the new Valley City, service to the City of San Fernando could be impacted.

The following mitigation measures from the Final EIR will mitigate this impact to below a level of significance.

- F1. The new Valley City shall monitor infrastructure and public service capacities to determine need within each community plan area for improvements based upon planning standards.
- F2. The new Valley City shall determine the level of growth that should correlate with capital, facility, or service improvements that are necessary to accommodate that level of growth.
- F3. The new Valley City shall establish programs for infrastructure and public service improvements to accommodate development in areas that are targeted for growth.
- F4. The new Valley City shall require that the type, amount, and location of development be correlated with the provision of adequate supporting infrastructure and services.
- F5. The new Valley City shall identify areas that have deficient fire facilities and/or service and prioritize the order in which these areas should be upgraded based on established fire protection standards.
- F6. The new Valley City shall develop an acquisition strategy for fire station sites in areas that are deficient in fire facilities.
- F7. The new Valley City shall consider the fire department's concerns and, where feasible, adhere to them, regarding the quality of the area's fire protection and emergency medical services when developing the new general plan and amendments thereto, zoning ordinances and changes in zoning,

or considering discretionary land use permits.

- F8. The new Valley City shall engage in fire station development advance planning, acknowledging the amount of time needed to fund and construct these facilities.
- F9. The new Valley City shall enter into mutual aid or mutual assistance agreements with local fire departments to ensure that there is an adequate response in the event of a major earthquake, wildfire, urban fire, fire in areas with substandard fire protection, or other fire emergency.
- F10. The new Valley City shall maintain the continued involvement of the Fire Department in the preparation of contingency plans for emergencies and disasters.
- F11. Should the new Valley City ever assume responsibility for the provision of fire protection service within its boundaries, it shall accept the obligations of the City of Los Angeles with respect to any then existing fire service agreement with the City of San Fernando, unless the three cities agree otherwise.

3.7 POLICE SERVICES

Impact: The new Valley City could inherit existing inadequate levels of police service.

Finding: Implementation of the mitigation measure set forth in Section 3.8 of the Final EIR will reduce potential impacts related to police services to a level that is less than significant.

Facts Supporting the Finding

The potential impacts related to police services are discussed in Section 3.8 of the Final EIR. The analysis concluded that the new Valley City would inherit existing inadequate levels of service. The national standard is 4 sworn officers per 1,000 population. After special reorganization, the Valley Bureau would have 1.1 sworn officers per 1,000 population. The remaining part of the City of Los Angeles would have 1.59 sworn personnel per 1,000 population, which is higher than the existing 1.42 ratio for the City of Los Angeles, but still far below the national standard. However, the Final EIR also found that there would be no increase in population as a result of the Proposed Project; therefore, the number of sworn officers required would not increase.

The following mitigation measures from the Final EIR will mitigate this impact to below a level of significance.

- P1. The new Valley City shall monitor population, development, and infrastructure and service capacities within each community plan area or other pertinent service area.
- P2. The new Valley City shall monitor and report police statistics, as appropriate, and population projections for the purpose of evaluating police service based on existing and future needs.
- P3. The new Valley City shall work with its police services providers to maintain standards for the appropriate number of sworn police officers to serve the needs of residents, businesses, and industries.
- P4. The new Valley City shall support the provision of additional sworn police officers to meet the safety needs of its territory.
- P5. The new Valley City shall pursue State, Federal, and other non-conventional funding sources to increase the number of sworn police officers.
- P6. The new Valley City shall identify neighborhoods in its territory where facilities are needed to provide adequate police protection.
- P7. The new Valley City shall minimize the processing required to establish needed facilities and, if necessary, modify facility standards to utilize existing available structures for this purpose.
- P8. The new Valley City shall participate fully in the planning of activities that assist in defensible space design and utilize the most current law enforcement technology affecting physical development.
- P9. The new Valley City shall maintain mutual assistance agreements with local law enforcement agencies, State law enforcement agencies, and the National Guard to provide for public safety in the event of emergency situations.

3.8 OTHER SERVICES

Impact: With respect to other services:

- Valley seniors may not have the benefits of the Aging services comparable to those services currently provided by the City of Los Angeles;
- If cultural affairs programs were discontinued, this could be a significant impact to Valley and Los Angeles residents;
- There could be shortfalls in emergency preparedness services, such as provided by staff that are located in downtown Los Angeles along with critical equipment (computers and computer workstations); and
- Because of funding that is based on sales taxes, there could be a reduction of Downtown Area Short Hop (DASH) services to the remaining City of Los Angeles.

Finding: Implementation of the mitigation measure set forth in Section 3.9 of the Final EIR will reduce potential impacts related to other services to a level that is less than significant.

Facts Supporting the Finding

The discussion related to impacts on other services is in Section 3.9 of the Final EIR. Potential impacts resulting from implementation of the Proposed Project include service level impacts. Many City of Los Angeles departments provide specialized or proprietary services that may be expensive, technically infeasible, or otherwise problematic for the proposed Valley City to duplicate, either through lack of sufficient staffing or lack of expertise.

The following mitigation measures from the Final EIR will mitigate this impact to below a level of significance.

- OS1. The new Valley City shall ensure that programs for seniors comparable to those presently provided by the City of Los Angeles are provided by the Valley City or other agencies.
- OS2. The new Valley City shall disseminate information on State, Federal, and private sources of senior services that are available to its residents.
- OS3. The new Valley City shall provide cultural services to its residents comparable to those presently provided in the Valley Special Reorganization area by the City of Los Angeles.
- OS4. The new Valley City shall enter into mutual aid or mutual assistance agreements with local fire departments to ensure that there is an adequate response in the event of a major earthquake, wildfire, urban fire, fire in areas with substandard fire protection, or other fire emergency.
- OS5. The new Valley City shall maintain the continued involvement of the Fire Department in the preparation of contingency plans for emergencies and disasters.
- OS6. The new Valley City shall maintain mutual assistance agreements with local law enforcement agencies, State law enforcement agencies, and the National Guard to provide for public safety in the event of emergency situations.
- OS7. The new Valley City shall subsidize DASH service through the mitigation payment to supplement the DASH expenditures of the City of Los Angeles.

3.9 LOSS OF CERTAIN REVENUE SOURCES

Impact: The effect on services of the loss of certain revenue sources cannot be ascertained at this time.

Finding: Implementation of the mitigation measure set forth in Section 3.10 of the Final EIR will reduce potential impacts related to the loss of certain revenue sources to a level that is less than significant.

Facts Supporting the Finding

The discussion related to loss of certain revenue sources is in Section 3.10 of the Final EIR. The new Valley City will not be able to impose the same tax rate as the City of Los Angeles for documentary tax transfers. This revenue source limitation would result in an annual loss of approximately \$30.9 million for the new Valley City and may require expenditure reductions of approximately 3.3 percent of the new city's budget. Determining the potential environmental effects of an expenditure reduction of 3.3 percent requires analysis of information that is unavailable at this time.

However, the following mitigation measure from the Final EIR should mitigate the future (although unknown) potential impact to below a level of significance.

LR1. The new Valley City shall achieve any necessary cost savings in a manner that is consistent with, and does not disregard or contradict, the mitigation measures set forth in this Program EIR.

4.0 CUMULATIVE EFFECTS OF THE PROPOSED PROJECT THAT HAVE BEEN MITIGATED TO A LEVEL OF LESS THAN SIGNIFICANT

The following issues were identified in the Initial Study (Appendix B of the EIR) as having the potential to cause significant cumulative impacts and were carried forward to the EIR for detailed evaluation. The cumulative analysis for the Proposed Project considered the potential approval of three Special Reorganizations within the City of Los Angeles (Harbor, Hollywood, and Valley, which is the Proposed Project).

The Commission hereby finds, pursuant to Section 21081 that the following potential environmental impacts can and will be mitigated to below a level of significance, based upon the implementation of the mitigation measures from the Final EIR. Each mitigation measure discussed in this section of the findings is assigned a letter or letters and a number, correlating it with the Mitigation Monitoring and Reporting Program included in the Final EIR and adopted by the Commission to provide for the enforcement of such mitigation measures. Specific findings of the Commission for each category of such impacts are set forth in detail below.

4.1 SOLID WASTE MANAGEMENT

Impact: There is the potential to increase the amount of solid waste generated as a result of the special reorganizations.

Finding: Implementation of the mitigation measures set forth in Section 3.1 of the Final EIR will reduce potential impacts related to solid waste generated as a result of the three special reorganizations to a level that is less than significant.

Facts Supporting the Finding

The potential cumulative impacts related to solid waste are discussed in Section 4.4.1 of the Final EIR. The analysis concluded that there is the potential to increase the amount of solid waste generated. An additional 5.6 tons of solid waste would be produced as a result of the cumulative addition of 1,905 employees by the Proposed Project and related projects. Conditions contained in the mitigation measures avoid or substantially lessen the significant environmental effects analyzed in the Final EIR such that no significant impacts remain.

The mitigation measures SW1 through SW7 from the Final EIR, as listed in section 3.1 of this document, will mitigate these impacts to below a level of significance.

4.2 WASTEWATER

Impact: There is the potential to increase the amount of wastewater generated as a result of the special reorganizations.

Finding: Implementation of the mitigation measures set forth in Section 3.2 of the Final EIR will reduce potential impacts related to wastewater generated as a result of the three special reorganizations to a level that is less than significant.

Facts Supporting the Finding

The potential cumulative impacts related to wastewater are discussed in Section 4.4.2 of the Final EIR. The analysis concluded that there is the potential to increase the flow of wastewater as a result of the three special reorganizations. Approximately 53,340 gallons per day or approximately 0.05 million gallons per day of additional effluent would be created by a possible cumulative addition of 1,905 employees. Wastewater services would be provided by contract after the transition period.

The mitigation measures WW1 through WW9 from the Final EIR, as listed in Section 3.2 of this document, will mitigate this impact to below a level of significance.

4.3 FLOOD CONTROL AND DRAINAGE

Impact: The Proposed Project would not increase the amount of impervious surface, and thus would not substantially increase stormwater runoff within the three reorganization areas or the remaining City of Los Angeles.

Finding: Implementation of the mitigation measures set forth in Section 3.3 of the Final EIR will ensure that potential impacts would be reduced to a level that is less than significant, if similar mitigation measures are applied to the Harbor and Hollywood reorganizations.

Facts Supporting the Finding

The potential cumulative impacts related to flood control and drainage are discussed in Section 4.4.3 of the Final EIR. No additional population would be placed within the three special reorganization areas. Each new city would take over the responsibility for constructing local interconnecting tributary drains for its territory. The Los Angeles County Flood Control District (LACFCD) would continue to construct the major storm drains and open flood control channels as it does currently. The new cities would design their systems to convey storm flows from a 10-year storm event. The LACFCD would continue to design for a 50-year storm event and U.S. Army Corps of Engineers for a 100-year event. Because no new development is contemplated, the three special reorganizations would not increase the amount of impervious surfaces, and thus would not substantially increase stormwater runoff within any area. The Los Angeles Regional Water Quality Control Board may designate the new city as a permittee under the permit or issue a separate National Pollutant Discharge Elimination System (NPDES) permit consistent with the countywide permit.

The mitigation measures FC1 through FC13 from the Final EIR, as listed in Section 3.3 of this document, will mitigate flood control impacts to below a level of significance.

4.4 ELECTRICITY

Impact: There is the potential to increase the demand for electricity as a result of the special reorganizations.

Finding: There would be no cumulative impacts associated with the three special reorganizations with respect to the provision of electricity.

Facts Supporting the Finding

The potential cumulative impacts related to electricity are discussed in Section 4.4.4 of the Final EIR. No population or employment levels would increase substantially as a result of the three special reorganizations; thus, there would be no substantial increase in cumulative electric power demand. The new cities would continue to receive electricity services from the City of Los Angeles Department of Water and Power.

4.5 WATER RESOURCES

Impact: There would be no cumulative water supply impacts related to the special reorganizations.

Finding: There would be no cumulative impacts associated with the three special reorganizations with respect to water resources.

Facts Supporting the Finding

The potential cumulative impacts related to water resources are discussed in Section 4.4.5 of the Final EIR. The new cities would continue to receive water service from the City of Los Angeles Department of Water and Power. There would be no substantial additional water demand created by the special reorganizations. There would not be any growth in population, direct or indirect, associated with the development of major housing or employment centers.

4.6 TRANSPORTATION

Impact: The achievement of state and federal trip reduction targets may be impacted by the cumulative addition of 1,905 employees to the special reorganization areas.

Finding: Implementation of the mitigation measures set forth in Section 3.6 of the Final EIR will reduce potential impacts related to transportation as a result of the three special reorganizations to a level that is less than significant.

Facts Supporting the Finding

The cumulative impacts related to transportation are discussed in Section 4.4.6 of the Final EIR. The Final EIR concluded that an additional 1,905 government employees would work in the special reorganization areas. The analysis concluded that there is the potential to cause significant transportation impacts.

The mitigation measures T1 through T8 from the Final EIR, as listed in Section 3.5 of this document, will mitigate this impact to below a level of significance.

4.7 FIRE AND EMERGENCY MEDICAL SERVICES

Impact: The service impacts could be significant if certain fire or emergency medical services are not provided or response times are diminished from their present levels in any one of the new cities or the remaining City of Los Angeles.

Finding: Implementation of the mitigation measures set forth in Section 3.7 of the Final EIR will reduce potential impacts related to fire and emergency medical services as a result of the three special reorganizations to a level that is less than significant.

Facts Supporting the Finding

The potential impacts related to fire services are discussed in Section 4.4.7 of the Final EIR. The analysis concluded that there is the potential to inherit the shortages of engine company and truck company service availability, and that, depending on the outcome of negotiations for the continued provision of fire and emergency medical services, service impacts could be significant.

The mitigation measures F1 through F11 from the Final EIR, Section 3.6 of this document will mitigate this impact to below a level of significance, provided similar mitigation measures are applied to the new Harbor and Hollywood cities.

4.8 POLICE SERVICES

Impact: There is the potential for impacts to the level of police service as a result of the special reorganizations.

Finding: Implementation of the mitigation measures set forth in Section 3.8 of the Final EIR will reduce potential impacts related to police services to a level that is less than significant.

Facts Supporting the Finding

The potential cumulative impacts related to police protection are discussed in Section 4.4.8 of the Final EIR. Separation of the three cities would increase the ratio of sworn officer and support personnel per 1,000 population in the City of Los Angeles, and would decrease it for the territories of the new Valley, Harbor, and Hollywood cities. The analysis concluded that the three new cities, which include the new Valley City, would inherit existing inadequate levels of service.

The mitigation measures P1 through P9 from the Final EIR, as listed in section 3.7 of this document, will mitigate this impact to below a level of significance, provided similar mitigation measures are applied to Harbor and Hollywood.

4.9 OTHER SERVICES

Impact: With respect to the cumulative impacts on other services:

- Valley, Harbor, and Hollywood seniors may not have the benefits of the Aging services comparable to those services currently provided by the City of Los Angeles;
- If cultural affairs programs were discontinued, this could be a significant impact to Valley, Harbor, and Hollywood citizens;
- There could be shortfalls in emergency preparedness services, such as provided by staff that are located in downtown Los Angeles, along with critical equipment (computers and computer workstations); and
- Because of funding that is based on sales taxes, there could be a reduction of Downtown Area Short Hop (DASH) services to the remaining City of Los Angeles.

Finding: Implementation of the mitigation measures set forth in Section 3.9 of the Final EIR will reduce potential impacts related to police services to a level that is less than significant.

Facts Supporting the Finding

Potential impacts resulting from implementation of the Proposed Project include service level impacts. Many City of Los Angeles departments provide specialized or proprietary services that may be expensive, technically infeasible, or otherwise problematic for the proposed Valley City to duplicate, either through lack of sufficient staffing or lack of expertise.

The mitigation measures OS1 through OS7 from the Final EIR, as listed in section 3.8 of this document, will mitigate this impact to below a level of significance, provided similar mitigation measures are applied to Harbor and Hollywood.

5.0 UNAVOIDABLE SIGNIFICANT ENVIRONMENTAL EFFECTS, IRREVERSIBLE ENVIRONMENTAL CHANGES, AND GROWTH INDUCING IMPACTS

5.1 UNAVOIDABLE SIGNIFICANT ENVIRONMENTAL EFFECTS

Consistent with CEQA Guidelines Section 15126.2(b), possible significant impacts have been described in Chapter 3.0 of the Final EIR. With mitigation measures incorporated, there are no unavoidable adverse impacts associated with implementation of the Proposed Project. With the application of the identified and feasible mitigation measures described in the Final EIR, there would be no adverse impacts for any of the resource issues, including solid waste, wastewater, water resources, electricity, flood control and drainage, transportation, fire and emergency medical services, police services, and other services.

5.2 IRREVERSIBLE ENVIRONMENTAL CHANGES

Pursuant to CEQA Guidelines Section 15126.2(c) significant irreversible environmental changes have been considered and discussed in the Final EIR. No irreversible environmental changes were identified in Chapter 3.0 of the Final EIR. There were no uses of nonrenewable resources above what are used currently; therefore, additional nonrenewable resources would not be consumed as a result of the Proposed Project. The Proposed Project does not include the construction or operation of any new facilities. There would be no environmental accidents caused by the implementation of the Valley Special Reorganization.

Only locally serving assets will be transferred to the new Valley City, as these assets are geographically tied to the area. Regionally serving assets will remain with the City of Los Angeles. There would be no adverse impact with respect to commitment of physical assets. The regional facilities that will be retained by the City of Los Angeles are listed in Exhibit B of the Executive Officer's Report issued April 24, 2002 and are shown in the following table.

Facilities Retained by the City of Los Angeles

San Fernando Valley Fire Stations			
Fire Station 70	9861 Reseda Boulevard 91324	Fire Station 97	8021 Mulholland Drive 90046

Fire Station 88	5101 North Sepulveda Boulevard 91403	Fire Station 99	14145 Mulholland Drive 91423
San Fernando Valley Parks (Department of Water and Power holdings)			
Beilenson Park	17015 Burbank Boulevard 91316	North Hollywood Recreation Center	11430 Chandler Boulevard 91601
Chatsworth Reservoir Lake	Manor Drive/Woolsey Canyon Road 91311	Sepulveda Basin Recreation Area	Woodley Avenue and Victory Boulevard 91411
El Paseo Cahuenga Park	3300 Cahuenga Boulevard 90068	Sepulveda Recreation Center	8801 Kester Avenue 91405
Hansen Dam Recreational Area and Aquatic Center	11770 Foothill Boulevard 91342	Slavin (Jaime Beth) Park	Strathern and Whitsett (sth) 91352
Hjelte Sports Center	Burbank and Woodley Avenue 91411	Tujunga Greenbelt & Pedestrian Bridge	91042
Jensen Filtration Plant	Balboa and Woodley Avenue 91344	Tujunga Infiltration Galleries	91042
Lake View Terrace Rec. Center	11075 Foothill Boulevard 91342	Van Norman Lakes Reservoir	Balboa & Woodley Avenue
Laurel Canyon Park	8260 Mulholland Drive 90046	Wilacre Park	Adjacent Coldwater Canyon Park 90210
Libbit Park	5101 Libbit Avenue 91436	Woodley Avenue Park	6350 Woodley Avenue 91436
Miscellaneous Valley Municipal Facilities			
Training Facility,	12001 Blucher Avenue 91344	West Valley Refuse Collection Yard	8840 Vanalden Ave. 91324
East Valley Refuse Collection Yard	9701 San Fernando Road 91335	Asphalt Plant #2	12251 Sherman Way 91605

5.3 GROWTH INDUCING IMPACTS

The Proposed Project would not remove physical obstacles to population growth or provide a catalyst for future unrelated development in the San Fernando Valley. The Valley Special Reorganization area is an urbanized area, already largely developed, and the Proposed Project only consists of a reorganization of the local governance structure. What would be the remaining City of Los Angeles, should the Valley Special Reorganization be approved by the Commission and the voters, is also an urbanized area, already largely developed. The Applicant has not expressed any intention to modify zoning or land use or to construct any improvements that would result in growth inducing impacts. It is not anticipated that the Valley Special Reorganization would result in any modification of zoning or land use or the construction of any improvements in the remaining City of Los Angeles that would result in growth inducing impacts.

6.0 ALTERNATIVES TO THE PROJECT

Six project alternatives and their potential impacts are discussed in Chapter 5.0 of the EIR. The Commission has considered these alternatives and makes the following findings.

6.1 “NO PROJECT” ALTERNATIVE

The “No Project” Alternative analysis is a discussion of existing conditions, or the circumstance under which the Proposed Project does not proceed. Impacts are described in the *Framework EIR* for the “No Project” Alternative with respect to existing conditions. Impacts would be less than significant with mitigation measures incorporated. With this alternative, no changes would occur to the natural or man-made environment from the Proposed Project. These are the same findings as for the Proposed Project.

Findings: There can be no assurances that the “No Project” Alternative would feasibly obtain most of the

objectives of the Applicant. The “No Project” Alternative would not afford residents of the Valley Special Reorganization area greater local control than they already have as residents of the City of Los Angeles over local neighborhoods and decisions affecting their quality of life. The Applicant believes that this local control will enable the Valley Special Reorganization area to achieve its other objectives. Whether or not the Applicant’s other stated objectives could not be achieved through the City of Los Angeles’ continued governance of the Valley Special Reorganization area (the “No Project” Alternative) is speculative. It depends in large part on future discretionary decisions of the City of Los Angeles City Council and the various boards of commissioners and department heads of the City of Los Angeles that govern the provision of municipal services in the City.

6.2 ALTERNATIVE LOCATION (ALTERNATIVE I)

Alternative I would involve the location of the new Valley City in an area other than the San Fernando Valley. These locations could include a different part of the City of Los Angeles, Los Angeles County, County of Ventura, City of Burbank, or City of Glendale.

Findings: Alternative I is infeasible, as the Proposed Project is location-specific. The Applicant obtained the required number of valid signatures to initiate Commission proceedings from a specific geographic area. The objectives of the Proposed Project are also specific to the geographic area identified in the application. While the Commission is authorized to modify the boundaries of the proposed Valley Special Reorganization area, it cannot wholly relocate the special reorganization area.

6.3 LOCAL CONTROL ALTERNATIVE (ALTERNATIVE II)

The Local Control Alternative consists of modifying the governance structure of the City of Los Angeles to provide for more local control in the San Fernando Valley. These modifications may include the redrawing of existing Los Angeles City Council districts so that the Valley becomes a separate bloc, establishment of neighborhood councils, and/or expansion of Valley membership in City of Los Angeles commissions.

Findings: The conditions resulting from implementation of Alternative II are likely to be similar to conditions described in the *Framework EIR*; therefore, no impacts would result from implementation of Alternative II.

As discussed in the Final EIR, the new City Charter now provides for a Department of Neighborhood Empowerment and the creation of neighborhood councils. These councils may provide more local control, but would not achieve the central objective of creating two smaller cities. Whether or not they would sufficiently address the Applicant’s long-term objectives is speculative. While implementation of Alternative II may result in baseline conditions similar to that which currently exist, it should also be noted that further modification to the City of Los Angeles’s governance structure could result in significant environmental impacts, which would require additional environmental analysis based on the scope of modifications. As discussed in the Final EIR, the Commission is not empowered to modify the governance structure of the City of Los Angeles.

Alternative II does not avoid or substantially lessen any significant effects of the Proposed Project because the impacts for either the Proposed Project or Alternative II are the same. Alternative II does not meet the central objective of creating two smaller cities and whether or not Alternative II could achieve the Applicant’s long-term objectives is speculative.

6.4 NEW CITY PROVIDES ALL SERVICES AND ADMINISTRATION ALTERNATIVE (ALTERNATIVE III)

Alternative III contemplates that the new Valley City would provide all services to its citizens without contracting out for any services, including the services that in the Proposed Project would be provided by the City of Los Angeles.

It may not be possible to divide existing infrastructure or equipment between the new Valley City and the City of Los Angeles. These City of Los Angeles services utilize large-scale systems that have been designed for specific uses, and would probably be difficult to divide. To separate the physical facilities and form entirely independent Valley City and City of Los Angeles systems could involve the construction of redundant facilities and delivery systems, creating potentially significant construction and operations environmental impacts. For other services currently provided by the City of Los Angeles, significant environmental impacts would come from having to replace facilities and equipment, or from not having the facilities, equipment, and

locations to provide services. These significant environmental impacts would be a result of construction activities and service interruptions and/or lower service levels than those currently provided.

Findings: If Alternative III were chosen, CEQA analysis would have to be performed, and subsequent CEQA documents would have to be presented to the public for review. Alternative III would not be environmentally superior to the Proposed Project.

6.5 SHORTER OR LONGER TRANSITION PERIOD ALTERNATIVE (ALTERNATIVE IV)

With Alternative IV a transition period is considered that is substantially shorter or longer than the 18-month transition period of the Proposed Project.

During a transition period, the City of Los Angeles, under terms and conditions set forth by the Commission, would provide services to the new Valley City. It is likely that the new Valley City would need to rely on the City of Los Angeles to provide municipal services on its behalf for an amount of time necessary to negotiate an orderly transfer of service responsibility between the two cities.

Findings: To the extent that a substantially longer or shorter transition period may result in service level impacts or service interruptions, there may be environmental impacts associated with Alternative IV.

6.6 SMALLER GEOGRAPHIC AREA (ALTERNATIVE V)

Alternative V is the reduction of the Valley Special Reorganization area to either the North Valley or the South Valley. The boundaries of the San Fernando Valley are largely determined by geography and the boundaries of the Valley Special Reorganization area follow these geographic boundaries. Within the Valley, there are numerous smaller communities that could be configured into smaller cities.

With Alternative V, the creation of one or more smaller cities within the Valley could meet the Applicant's objectives, including greater local control, but also may exclude areas of the Valley from those asserted benefits if the entire Valley Special Reorganization area were not reorganized. The cumulative effect of multiple special reorganizations upon the City of Los Angeles is not significant if appropriate mitigation measures are imposed. The effect should be no greater if the Valley Special Reorganization area were to be split. With mitigation measures incorporated, the impacts would likely be less than significant. It does not appear that reducing the size of the Valley Special Reorganization area or splitting the area in two would lessen any of the environmental impacts of the Proposed Project.

Findings: There can be no assurances that Alternative V would feasibly obtain most of the objectives of the Applicant. Alternative V may afford some residents of the Valley Special Reorganization area greater local control than they already have as residents of the City of Los Angeles; however, a reduced special reorganization area would limit local control without a corresponding environmental benefit.

6.7 ENVIRONMENTALLY SUPERIOR ALTERNATIVE

The following alternatives would not fulfill the applicant's objectives:

“No Project” Alternative

Smaller Geographic Area (Alternative V)

Because these alternatives do not feasibly realize the Applicant's objectives, they can be dismissed from further discussion. Alternative I can be dismissed also, as it is infeasible.

With Alternative II, significant effects of the Proposed Project are not avoided or substantially lessened. The impacts for either the Proposed Project or Alternative II are the same. Alternative II does not meet the central objective of creating two smaller cities, and its realization of the Applicant's long-term objectives is speculative. Alternative II would not be environmentally superior over the Proposed Project.

With Alternative III (New City Provides All Service and Administration), subsequent CEQA analysis would need to be performed. Additional mitigation measures may be required for significant environmental impacts. Alternative III would not be environmentally superior over the Proposed Project.

With Alternative IV (Shorter or Longer Transition Period), to the extent that a substantially longer or shorter transition period may result in service level impacts or service interruptions, there may be adverse environmental impacts.

There does not appear to be an alternative that is obviously environmentally superior to the Proposed Project. The Proposed Project has environmental impacts that are less than significant with mitigation measures incorporated. Thus, the Proposed Project would be the environmentally superior alternative.

7.0 FINDINGS REGARDING THE MITIGATION MONITORING AND REPORTING PROGRAM

As required by Public Resources Code Section 21081.6, the Commission, in adopting these Findings, also adopts a Mitigation Monitoring and Reporting Plan as prepared by the environmental consultant under the Commission's direction. This Plan is designated to ensure that, during Proposed Project implementation, the Commission, and other responsible parties will comply with the mitigation measures adopted in these Findings.

In the event that the mitigation measures contained in the Mitigation Monitoring and Reporting Program do not use the exact wording of the mitigation measures recommended in the Final EIR, in each such instance, the mitigation measures in the Mitigation Monitoring and Reporting Program are intended to be identical or substantially similar to the recommended mitigation measures in the Final EIR. Any minor revisions were made for the purpose of improving clarity or to better define the intended purpose.

The Commission hereby finds that unless specifically stated to the contrary in these findings, it is the Commission's intent to adopt all mitigation measures recommended in the Final EIR. If a measure has, through error, been omitted from the Mitigation Monitoring and Reporting Program from these Findings, and that measure is not specifically reflected in these Findings, that measure shall be deemed to be adopted pursuant to this paragraph.

Section 21081.6 of the Public Resources Code requires that the Commission adopt a mitigation monitoring and reporting program regarding the changes in the project and mitigation measures imposed to lessen or avoid significant effects on the environment. The Mitigation Monitoring and Reporting Program is included as Appendix D in the Final EIR. As adopted by the Commission, it fulfills the CEQA mitigation monitoring requirements:

The Mitigation Monitoring and Reporting Program is designed to ensure compliance with the changes in the project and mitigation measures imposed on the project during project implementation; and

Measures to mitigate or avoid significant effects on the environment are fully enforceable through permit conditions, agreements, or other measures.

8.0 CEQA GUIDELINES SECTION 15091 AND 15092 FINDINGS

Based on the foregoing Findings and the information contained in the administrative record, the Commission has made one or more of the following Findings with respect to each of the significant effects of the Proposed Project.

- A. Changes or alterations have been required in, or incorporated into, the Proposed Project, which avoid or substantially lessen the significant environmental effect as identified in the Final EIR.
- B. Some changes or alterations are within the responsibility and jurisdiction of another public agency and not the agency making the finding. Such changes have been adopted by such other agency, or can and should be adopted by such other agency.
- C. Specific economic, legal, social, technological, or other considerations make infeasible the mitigation measures or alternatives identified in the Final EIR.

Based on the foregoing Findings and the information contained in the administrative record, and as conditioned by the foregoing:

- A. All significant effects on the environment due to the Proposed Project have been eliminated or substantially lessened where feasible.
- B. Any remaining significant effects on the environment found to be unavoidable are acceptable due to overriding concerns as described in the Statement of Overriding Considerations.

Larry J. Calemine, Executive Officer, is the custodian of the documents or other material that constitute the record of proceedings upon which the Commission's decision is based. The documents are located at the offices of the Local Agency Formation Commission for Los Angeles County, 700 North Central Avenue, Suite 350, Glendale, CA 91203.

9.0 CEQA SECTION 21082.1 (C) FINDINGS

The Executive Officer retained LSA Associates, Inc. to prepare the EIR. The EIR was prepared under the direction and supervision of the Executive Officer and Commission staff.

Pursuant to Public Resources Code Section 21082.1(c)(3), the Commission hereby finds that the Commission, as Lead Agency, has independently reviewed and analyzed the Final EIR, and the Final EIR reflects the independent judgment of the Lead Agency.

10.0 LIST OF ACRONYMS AND REFERENCES

10.1 ACRONYMS

ATSAC	Automated Traffic Surveillance and Control System
Caltrans	California Department of Transportation
CEQA	California Environmental Quality Act
DASH	Downtown Area Short Hop Commuter Service
DWP	City of Los Angeles Department of Water and Power
EIR	Environmental Impact Report
LACFCD	Los Angeles County Flood Control District
LAFCO	Local Agency Formation Commission
MWD	Metropolitan Water District of Southern California
NPDES	National Pollutant Discharge Elimination System
RWQCB	Regional Water Quality Control Board
SCAQMD	South Coast Air Quality Management District
SWRCB	State Water Resources Control Board
Valley VOTE	Valley Voters Organized Toward Empowerment

10.2 REFERENCES

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EXHIBIT E

DESCRIPTION OF INITIAL CITY COUNCIL DISTRICT BOUNDARIES AND FINDINGS ON ESTABLISHMENT OF INITIAL CITY COUNCIL DISTRICT BOUNDARIES

In accordance with Government Code section 56852.7, the initial City Council district boundaries are established as set forth in Attachment 1 hereto and incorporated herein by this reference.

Under the legislative districting plan establishing the initial City Council boundaries adopted by the Commission, there shall be fourteen City Council Districts, each of which contains approximately equal population.

In so establishing said City Council district boundaries, the Commission finds that:

1. A preliminary districting plan ("Preliminary Plan") was developed using Census 2000 data, including total population and voting age population, along with San Fernando Valley voter registration data (as of March 2001). The redistricting units forming the basis of the Preliminary Plan were derived from Census 2000 tracts and were part of a countywide set used by the County of Los Angeles in its 2001 supervisorial redistricting.
2. On or about November 16, 2001, a written report on the Preliminary Plan, prepared by the Commission's consultants, was issued and made available for public review and comment.
3. During the period of December, 2001, through January, 2002, the Commission conducted public hearings to elicit input from communities throughout the Special Reorganization Area. Community leaders, groups and residents participated in those meetings.
4. As a result of public input, the Executive Officer of the Commission directed the Commission's consultants to make adjustments to the Preliminary Plan in response to public comments and to retain various communities of interest within the same legislative districts to the extent feasible. On or about January 14, 2002 a written report prepared by the consultants documenting these revisions to the plan was issued and made available for public review. Thereafter, on or about March 20, 2002, the

Executive Officer of the Commission requested the Consultants prepare a final plan including the addition of three small portions of Tract 1437 to District 14. Accordingly, on or about April 10, 2002, a written report on the districting plan recommended by the Commission's consultants ("Consultant Plan") was issued and made available for public review and comment.

5. In January, 2002, Mr. Alan Clayton, on behalf of the California Latino Redistricting Coalition, submitted an alternative districting plan ("Clayton 1 Plan") for consideration by the Commission. This plan was first introduced by Mr. Clayton before the Commission on or about December 12, 2001; however, at that time, Mr. Clayton provided only a limited number of copies of the map and did not submit data that would allow any meaningful review and analysis of the plan.
6. On or about April 23, 2002, a written report on the Clayton 1 Plan, prepared by the Commission's consultants, was issued and made available for public review and comment.
7. On or about May 8, 2002, Mr. Alan Clayton, on behalf of the California Latino Redistricting Coalition, appeared before the Commission at its public meeting and presented a revised alternative districting plan ("Clayton 2 Plan") for consideration by the Commission.
8. At its public hearing held on or about May 14, 2002, the Commission received a written report and oral testimony by Stephen P. Klein, Ph.D., regarding the success of candidates preferred by Hispanic voters in the Special Reorganization Area under each of the districting plans submitted to the Commission.
9. At its public hearing held on or about May 14, 2002, the Commission received a written supplemental report on the Clayton 1 Plan, dated May 9, 2002, prepared by the Commission's consultants, which was made available for public review and comment.
10. On or about May 14, 2002, the Commission received a written report from the County Counsel on the Recommended Plan and the Clayton 1 Plan, which was made available for public review and comment.
11. On or about May 20, 2002, a written report on the Clayton 2 Plan, prepared by the Commission's consultants, was issued and made available for public review and comment.

12. On or about May 20, 2002, a revised written report, prepared by Dr. Klein, regarding the success of candidates preferred by Hispanic voters in the Special Reorganization Area under each of the districting plans submitted to the Commission, was issued and made available for public review and comment.
13. On or about May 20, 2002, the Commission received a written report from the County Counsel regarding the Clayton 2 Plan and the adoption of a districting plan for a new city in the Special Reorganization Area, which was made available for public review and comment.
14. After holding public hearings to discuss and consider the districting plans under consideration and receive testimony from members of the public and the Commission's consultants and advice from the County Counsel, and after consideration of the districting plans before it, along with the testimony received at its public meetings and the reports and analysis submitted by its consultants and counsel, the Commission voted to adopt the Clayton 2 Plan at its public hearing held on May 22, 2002.
15. In adopting the legislative districting plan establishing the initial City Council districts for the Special Reorganization Area, the Commission considered and evaluated all of the following:
 - a. The requirement of population equality among legislative districts as required by state and federal law.
 - b. Districting criteria as provided by state and federal law, including topography; geography; cohesiveness, contiguity, integrity, and compactness of territory; and respect for communities of interest.
 - c. The ability of the Hispanic population within the Special Reorganization Area to participate in the political process and elect candidates of their choice.
 - d. Testimony provided by members of the public, the petitioners, and the Commission's consultants, and advice provided by the County Counsel, regarding placement of district boundaries, communities of interest, and interests of the Hispanic population in the designation of district boundaries.
 - e. Written reports dated November 16, 2001, January 14, 2002, April 10, 2002, April 23, 2002, May 9, 2002, May 14, 2002, May 16, 2002, and May 20, 2002, provided by the Commission's consultants and the County Counsel regarding the districting process and districting plans under consideration.
16. In adopting the legislative districting plan establishing the initial City Council districts for the Special Reorganization Area, the Commission ultimately preferred the Clayton 2 Plan over other plans under consideration for the following reasons:

- a. The reports and testimony before the Commission indicate that, on balance, differences between the Clayton 2 Plan and the Consultant Plan were not significant so that either plan was clearly superior to the other.
 - b. The total population deviation of the Clayton 2 Plan of 4.524 percent is only slightly higher than the total population deviation of 4.313 percent under the Consultant Plan.
 - c. Overall, the districts designated in the Clayton 2 Plan are not significantly more or less compact, cohesive, or contiguous than those set forth in the Consultant Plan.
 - d. There was testimony before the Commission indicating that the development of the Clayton 2 Plan was based upon consideration of the one-person, one-vote principle and traditional districting criteria such as topography, geography, compactness, cohesiveness and respect for communities of interest, as well as consideration of the ability of Hispanic voters in the Special Reorganization Area to participate in the political process and elect candidates of their choice.
 - e. The Commission's consultants concluded that absent sufficient information to the contrary, the Clayton 1 Plan appeared to have used race as the predominant factor in establishing the districts.
 - f. Mr. Clayton advised the Commission that he wished to withdraw the Clayton 1 Plan and substitute the Clayton 2 Plan in its stead for consideration by the Commission. Based on this representation, the Clayton 1 Plan was withdrawn from consideration and no further review or analysis was performed as to said plan.
 - g. Expert analysis of certain elections conducted in the Special Reorganization Area concluded that under any of the plans being considered by the Commission, there did not appear to be a significant difference in the ability of the Hispanic population in the Special Reorganization Area to participate in the political process and elect representatives of their choice.
 - h. The adoption of the Clayton 2 Plan was supported by Valley Vote, the proponents of the petition for special reorganization.
 - i. There was no opposition stated at any time to the adoption of the Clayton 2 Plan by the Commission.
17. Based upon all of the foregoing, the Commission adopted the Clayton 2 Plan as the legislative districting plan establishing the initial City Council districts for the Special Reorganization Area.

Exhibit F
San Fernando Valley Special Reorganization Allocation Factors
Special Purpose Fund Balances

<u>Special Purpose Fund</u>	<u>Allocation Factor</u>
Sewer Construction and Maintenance Fund	0.00%
Special Gas Tax Street Improvement Fund	36.53%
Proposition A Local Transit Assistance Fund	36.53%
San. Equipment Charge Special Revenue Fund	40.86%
Street Lighting Maintenance Assessment Fund	18.67%
Community Development Trust Fund	24.92%
Proposition C Anti-Gridlock Transit Impr. Fund	36.53%
Stormwater Pollution Abatement Fund	47.93%
Convention Center Revenue Fund	0.00%
Local Public Safety Fund	36.31%
Special Parking Revenue Fund	12.25%
Zoo Enterprise Trust Fund	0.00%
Schedule 29 Allocations from other sources	26.80%
Traffic Safety Fund	36.53%
L. A. Conv. and Visitor's Bureau Trust Fund	15.68%
Spec. Police Communications/911 System Tax	0.00%
Job Training Partnership Act Trust Fund	24.92%
Workforce Investment Act	24.92%
Arts and Cul. Fac. and Services Trust Fund	15.69%
Supplemental Law Enforcement Services	36.53%
Reserve for Extraordinary Liability Claims	0.00%
Rent Stabilization Trust Fund	21.04%
Local Law Enforcement Block Grant Fund	27.47%
CERS - Airport Revenue	0.00%
Code Enforcement Trust Fund	25.67%
Spec. Fire Safety and Para. Communications	0.00%
Forfeited Assets Trust Fund	36.53%
Procurement Reengineering Trust Fund	0.00%
Mobile Source Air Pollution	36.53%
Affordable Housing Trust Fund	33.92%
Building and Safety Sys. Devel. Trust Fund	38.93%
HOME Investment Partnerships Program Fund	24.92%
Street Damage Restoration Fee Fund	26.80%
Telecom. Liq. Dam. and Lost Franchise Fees	43.76%
Staples Arena Special Fund	0.00%

El Pueblo de Los Angeles Hist. Mon. Rev.	0.00%
Household Hazardous Waste Special Fund	36.53%
Arts Development Fee Trust Fund	36.53%
City Employees Ridesharing Fund	1.23%
Major Projects Review Trust Fund	7.29%
Landfill Maintenance Special Fund	36.53%
Older Americans Act Fund	0.00%
Municipal Housing Finance Fund	33.92%
Neighborhood Empowerment Fund	30.96%
Local Transportation Fund	36.53%
Community Services Administration Grant	24.92%
City Ethics Commission Fund	26.80%
Park and Recreational Sites and Facilities Fund	26.25%
Housing Opportunities for Persons with AIDS	24.92%
CERS - Harbor Revenue	0.00%
Rental Housing Production Fund	27.47%
Bicycle License Fund	36.53%
Disaster Assistance Trust Fund	0.00%

EXHIBIT G**SAN FERNANDO VALLEY LOCAL SERVICE-RELATED FACILITY ASSETS**

This asset compilation includes local service-related facility assets, and does not include assets that are not related to a facility such as streets, storm drains, and databases. The facilities, except as otherwise indicated, along with all furnishings, fixtures, rolling stock and other equipment contained therein, shall vest in the new city.

Facilities Retained by the City of Los Angeles

The City of Los Angeles shall continue to own the following assets; however, the City of Los Angeles shall provide Transition Period services to the new city with these facilities.

San Fernando Valley Fire Stations:

Fire Station #70 9861 Reseda Blvd. 91324
Fire Station #88 5101 N. Sepulveda Blvd. 91403
Fire Station #97 8021 Mulholland Dr. 90046
Fire Station #99 14145 Mulholland Dr. 91423

Valley Public Parks

Beilenson Park, 17015 Burbank Blvd. 91316
Chatsworth Reservoir Lake Manor Dr/Woolsey Cyn Rd. 91311
El Paseo Cahuenga Park, 3300 Cahuenga Blvd. 90068
Hansen Dam Recreational Area and Aquatic Center, 11770 Foothill Blvd. 91342
Hjelte Sports Center, Burbank and Woodley Ave. 91411
Jensen Filtration Plant, Balboa and Woodley Ave. 91344
Lake View Terrace Rec. Center, 11075 Foothill Blvd. 91342
Laurel Canyon Park, 8260 Mulholland Dr. 90046
Libbit Park, 5101 Libbit Ave. 91436
N. Hollywood Recreation Center, 11430 Chandler Blvd. 91601
Sepulveda Basin Recreation Area, Woodley Ave. & Victory Blvd. 91411
Sepulveda Recreation Center, 8801 Kester Ave. 91405
Slavin (Jaime Beth) Park, Strathern and Whitsett (sth) 91352
Tujunga Greenbelt & Pedestrian Bridge 91042
Tujunga Infiltration Galleries, 91042
Van Norman Lakes Reservoir, Balboa & Woodley Ave.
Wilacre Park, Adjacent Coldwater Canyon Park 90210
Woodley Ave. Park, 6350 Woodley Ave. 91436

Miscellaneous Valley Municipal Facilities

Training Facility, 12001 Blucher Ave. 91344 (owned by DWP)
East Valley Refuse Collection Yard, 9701 San Fernando Rd. 91335 (locally-serving rolling stock and equipment, including garbage trucks, at this site shall transfer to the new city)
West Valley Refuse Collection Yard (two properties), 8840 Vanalden Ave. 91324
Asphalt Plant #2, 12251 Sherman Way 91605

Consensus Facilities Used Under Lease Arrangements

The following assets were identified by the City of Los Angeles as facilities that are used under a lease or permitting arrangement. If the terms of the lease permit, these leases shall transfer to the new city.

Valley Public Parks Leased from the City of Los Angeles Department of Public Works

Lanark Recreation Center, 21816 Lanark St. 91304

Delano Park, 15100 Erwin St. 91606
 Hartland Mini Park, Hartland/Woodman
 Kittridge Mini-Park, Kittridge/Greenbush 91401

Valley Facility Leased from Private Party

Mid-Valley Sr. Citizen Center, 14450 Valerio St. 91406
 VN Adjudication, 14553 Delano St., #212

Valley Facility Licensed by Los Angeles Unified School District

Cleveland High School Pool, 9120 Vanalden Ave. 91335

Consensus Assets with Outstanding Debt Service

The following assets shall transfer from the City of Los Angeles to the new city once the associated debt has been defeased or accepted by and transferred to the new city.

San Fernando Valley Police Stations:

Foothill Police Station 12760 Osborne St. 91331
 North Hollywood Police Station 11640 Burbank Blvd. 91601
 New North East Valley Police Station

Consensus Assets

These assets shall transfer as of the Effective Date. The City of Los Angeles shall be entitled to use these assets, at no cost, for the provision of services to the new city during the Transition Period. No assets of the proprietary departments of the City of Los Angeles shall transfer as a result of the San Fernando Valley Special Reorganization. Should it later be determined that any asset listed herein was, as of the date of this Resolution, under the ownership and control of one of the proprietary departments, that asset(s) shall not transfer.

San Fernando Valley Police Stations:

Devonshire Police Station 10250 Etiwanda Ave. 91325
 Van Nuys Police Station 6240 Sylmar Ave. 91401 (City retains use rights for booking facility)
 West Valley Police Station 19020 Vanowen St. 91335

San Fernando Valley Fire Stations:

Fire Station #8 11351 Tampa Ave. 91326
 Fire Station #18 12050 Balboa Blvd. 91344
 Fire Station #24 9411 Wentworth St. 91040
 Fire Station #28 (New) 11641 Corbin Ave. 91326
 Fire Station #39 14415 Sylvan St. 91401
 Fire Station #60 5320 Tujunga Ave. 91601
 Fire Station #72 6811 DeSoto Ave. 91303
 Fire Station #73 7419 Reseda Blvd. 91335
 Fire Station #74 7777 Foothill Blvd. 91402
 Fire Station #75 15345 San Fernando Mission Rd. 91345
 Fire Station #76 3111 Cahuenga Blvd. 90068
 Fire Station #77 8943 Glenoaks Blvd. 91352
 Fire Station #78 4320 Coldwater Cyn. Ave. 91604
 Fire Station #81 14123 Nordoff St. 91331
 Fire Station #83 5001 Balboa Blvd. 91316
 Fire Station #84 5340 Canoga Ave. 91364
 Fire Station #86 4305 Vineland Ave. 91602
 Fire Station #87 10241 Balboa Blvd. 91343
 Fire Station #89 7063 Laurel Cyn Blvd. 91605
 Fire Station #90 7921 Woodley Ave. 91406

Fire Station #91 14430 Polk St. 91342
Fire Station #93 19059 Ventura Blvd. 91356
Fire Station #96 21800 Marilla St. 91311
Fire Station #98 13035 Van Nuys Blvd. 91331
Fire Station #100 6751 Louise Ave. 91406
Fire Station #102 13200 Burbank Blvd. 91401
Fire Station #103 18143 Parthenia St. 91325
Fire Station #104 8349 Winnetka Ave. 91306
Fire Station #105 6345 Fallbrook Ave. 91367
Fire Station #106 23004 Roscoe Blvd. 91304
Fire Station #107 20225 Devonshire St. 91311

Valley Public Libraries

Platt Library, 23600 Victory Blvd, 91367
Lakeview Terrace Library, 12002 Osborne St., 91342
Canoga Park Library, 20939 Sherman Way, 91303 (scheduled to relocate to this location in Fall 2003)
Canoga Park Library, 7260 Owensmouth Ave. 91303
North Hollywood Regional Lib., 5211 Tujunga Ave. 91601
Pacoima Library, 13605 Van Nuys Blvd. 91331
Panorama City Library, 14345 Roscoe Blvd. 91402
Sherman Oaks Library, 14245 Moorpark St. 91423
Studio City Library, 4400 Babcock Ave. 91604
Sun Valley Library, 7935 Vineland Ave. 91352
Sunland-Tujunga Library, 7771 Foothill Blvd. 91042
Sylmar Library, 13059 Glenoaks Blvd. 91342
Valley Plaza Library, 12311 Vanowen St. 91605
Van Nuys Library, 6250 Sylmar Ave. 91401
Chatsworth Library, 21052 Devonshire St. 91311
Encino-Tarzana Library, 18231 Ventura Blvd. 91356
Granada Hills Library, 10640 Petit Ave. 91344
Mid-Valley Reg. Library & Bookmobile, 16244 Nordoff St. 91343
Northridge Library, 9051 Darby Ave. 91330
Porter Ranch Library, 11371 Tampa Ave. 91326
West Valley Regional Library, 19036 Vanowen St. 91335
Woodland Hills Library, 22200 Ventura Blvd. 91364

Valley Public Parks

Aliso Canyon Park, Rinaldi St. 91326
Alizondo Drive Park, Mulholland and Alizondo 91364
Andres Pico Adobe, 10940 Sepulveda Blvd. 91345
Balboa Park, 17015 Burbank Blvd. 91316
Bee Canyon Park, 13150 Sesnon Blvd. 91344
Bell Canyon Park, North of Westhills R.C. 91307
Blythe St. Park, 14740 Blythe St. 91402
Mae Boyar Recreation Center, 23936 Highlander Rd. 91307
Brand Park, 15174 San Fernando Mission Rd 91345
Branford Recreation Center, Branford Street 91331
Browns Creek Park, Browns Canyon Rd. 91311
Campo de Cahuenga, 3912 Lankershim Blvd. 91604
Canoga Park Sr. Citizen Center, 7326 Jordan Ave. 91303
Carey Ranch, Edgecliff and Osceola St. 91342
Castle Peak Park, 24220 ½ Clarington 91304
Chase Park, 22525 Chase St. 91304
Chatsworth Oaks Park, 9301 Valley Circle Blvd. 91311
Chatsworth Park North, 22300 Chatsworth St. 91311
Chatsworth Park South, 22360 Devonshire St. 91311

Cohasset-Melba Park, Cohasset St. and Melba Ave. 91307
Coldwater Canyon Park, 12601 Mulholland Dr. 90210
Corbin Canyon Park Site
De Garmo Park, Arminta St. & Golden State Fwy 90028
Dearborn Park, 17141 Nordoff St. 91325
Devonshire/Arleta Park, Arleta Ave. & Devonshire St. 91331
Devonwood Park, 10230 Woodman Ave. 91345
Eddeston Park, 11820 Reseda Blvd. 91335
Encino Community Center, 4935 Balboa Blvd. 91316
Encino Park, 16953 Ventura Blvd. 91316
Erwin Park, Erwin St. & Ethel Ave. 91401
Fehlhaber-Houk Park, 9521 Tujunga Canyon Blvd. 91042
Fernangeles Recreation Center, 8851 Laurel Canyon 91352
Finn Park, Foothill Blvd./ Machrea St. 91042
Granada Hills Recreation Center, 16730 Chatsworth St. 91344
Haines Canyon Park, South Terminus Haines Cyn Ave. 91042
Humphrey Mem. Park, 12560 Fillmore St. 90046
Jessie Owens Mini-Park, 7100 White Oak Ave. 91335
Jessup (Roger) Park, 12467 W. Osborne 91331
Kagel Canyon Park, 11435 Kagel Canyon St. 91342
Knapp Ranch Park, 25000 Kittridge 91307
Knapp Ranch Park West, Wooded Vista & Twisted Oak Dr. 91307
Lazy J. Ranch Park, 23751 Ingomar St. 91304
Limekiln Park, 10300 Limekiln Canyon Rd. 91326
Little Landers Park, 10116 Commerce Ave. 91042
Louise Park, 7140 Louise Ave. 91406
Mason Park, 10500 Mason Ave. 91311
McGroarty Park & Rec. Center, 7570 McGroarty Ter. 91042
Moonshine Canyon Park, W. of Tampa Ave, S. of Sesnon 91326
Moorpark Park, 12061 Moorpark St. 91607
Northeast Valley Multipurpose Sr.Ctr., 11300 Glenoaks Blvd. 91331
N. Hollywood Administration and Service Center, 11430 Chandler Blvd. 91601
Northridge Community Center, 18300 Lemarsh Street 91324
O'Melveny Park, 17300 Sesnon Blvd. 91344
Orcutt Ranch Horticulture Center, 23600 Roscoe Blvd. 91304
Pacoima/David M. Gonzales, 10943 Herrick Ave. 91331
Panorama Recreation Center, 8600 Hazeltine Ave. 91402
Parthenia Park, 21444 Parthenia St. 91304
Pasko Park, 7570 McGroarty Ter. 91042
Paxton Park & Rec. Center, 10731 Laurel Canyon Blvd. 91331
Porter Ranch, Vicinity of Sesnon & Reseda 91326
Porter Ridge Park, Vicinity of Sesnon & Reseda 91326
Quimby (John) Park, 7008 Desoto Ave. 91303
Reseda Recreation Center, 18411 Victory Blvd. 91335
Reseda Senior Multipurpose Center, 18411 Victory Blvd. 91335
Ritchie Valens Recreation Center, 10731 Laurel Canyon Blvd. 91331
Roscoe/Valley Circle Park, Valley Circle & Roscoe Blvd. 91307
Runnymede Park & Rec. Center, 20200 Runnymede St. 91306
Serrania Ave. Park, 20864 Wells Dr. 91364
Shadow Ranch, 22633 Vanowen St. 91304
Sherman Oaks Castle Park, 4989 N. Sepulveda Blvd. 91403
Stetson Ranch Park, 13877 Glenoaks Blvd. 91352
Stonehurst Recreation Center, 9901 Dronfield St. 91352
Stoney Point Park, Topanga Canyon/Simi Valley 91311
Strathern Park, North Strathern and Whitsett 91605
Strathern Park West, 12541 Satcoy 91605
Studio City Mini-Park, 12505 Moorpark St. at Whitsett 91604

Studio City Recreation Center, 12621 Rye Street 91604
Sun Valley Recreation Center, 8133 Vineland Ave. 91252
Sunland Recreation Center, 8651 Foothill Blvd. 91040
Sunland Sr. Citizen Center, 8640 Fenwick Ave. 91040
Sylmar Park, 13109 Borden Ave. 91342
Taper Integenerational Center, Woodley Ave. & Victory Blvd. 91411
Tarzana Recreation Center, 5655 Vanalden Ave. 91356
Taxco Trails Park, 23367 Inogmar St. 91304
Valley Plaza Recreation Center, 12240 Archwood St. 91605
Valley Therapeutic Rec. Center, 11430 Chandler Blvd. 91601
Valley Village Park, 170 Fwy & Burbank/Chandler 91601
Van Nuys Recreation Center, 14301 Vanowen St. 91405
Van Nuys/Sherman Oaks Park, 14201 Huston St. 91423
Van Nuys/Sherman Oaks Sr. Center, 5040 Van Nuys Blvd. 91423
Verdugo Hills Swimming Pool, 10654 Irma Ave. 91042
Verdugo Mountain Park, E. of Sunland, S of La Tuna Cyn Rd. 90028
Victory/Vineland Park, 11100 Victory Blvd. 91505
Viking Park, Viking & Nau 91326
Villa Cabrini Park, 9401 Villa Cabrini Dr. West 91504
Warner Ranch Park, 5800 Topanga Canyon Dr. 91367
Weddington Park (north), 10844 Acama Dr. 91602
Weddington Park (south), 10800 Valley Heart Drive 91602
West Valley Park 6731 Wilbur Ave. 91335
West Hills Recreation Center, Valley Circle Blvd. 91307
Wilbur-Tampa Park 12001 Wilbur Ave. 91326
Wilkinson Multipurpose Sr. Citizen Center, 8956 Vanalden Ave. 91324
Winnetka Recreation Center, 8401 Winnetka Ave. 91306
Woodbridge Park, 11240 Moorpark St. 91602
Woodland Hills Recreation Center, 5858 Shoup Ave. 91367
Zelzah Park, 11690 Zelzah Ave. 91344

Valley Animal Shelters

West Valley Animal Shelter (3 Bldgs.), 20655 Plummer St. 91311
East Valley Animal Shelter, 13131 Sherman Way 91605
Northeast Valley Shelter (new shelter to be built)

Miscellaneous Valley Municipal Buildings

Van Nuys Building & Safety Bldg., 14425 Erwin St. 91401
Van Nuys Municipal Building, 14410 Sylvan St. 91401
Van Nuys Municipal Bldg - Finance, 14401 Erwin St. 91401
Braude Center (new facility)
West Valley Municipal Building, 19040 Vanowen St. 91335
Sunland-Tujunga Municipal Bldg., 7747 Foothill Blvd 91042
Canoga Park Youth Art Center, 7222 Remmet Ave. 91303
Lankershim Arts Center, 5108 Lankershim Blvd. 91601
Madrid Theatre, 21622 Sherman Way 91303
McGroarty Arts Center, 7570 McGroarty Ter. 91042
Sun Valley Youth Arts Center, 8672 Sunland Blvd. 91352
Sunland-Tujunga - Office Bldg., 9401 Wentworth St. 91040
Sunland-Tujunga - Gas Building, 9401 Wentworth St. 91040
Sunland-Tujunga - Garage Building, 9401 Wentworth St. 91040
North Hollywood Repair Facility, 12201 Sherman Way 91605

Miscellaneous Valley Municipal Facilities

N. Hollywood-Studio City Street Maintenance, 10811 Chandler Blvd. 91601
Reseda/Woodland Hills Street Maintenance, 6015 Baird Ave. 91356
Canoga Park Dist. Street Maintenance Yard (two properties), 7453 Canoga Ave. 91304

Northridge Street Maintenance Yard, 8820 Vanalden Ave. 91324
Granada Hills-Street Maintenance Yard, 10210 Etiwanda Ave. 91325
Raymer Street Yard, 14832 Raymer Street 91405
CVCS, 12225 Sherman Way 91605
Parking Enforcement Valley Area, 12544 Satcoy St. 91605
Reseda Parking Facility #624, 7222 Baird Ave. 91335
Reseda Parking Facility #622, 7131 Canby Ave. 91335
Reseda Parking Facility #621, 7120 Baird Ave. 91335
North Hollywood Parking Facility#627, 11231 Magnolia Blvd. 91601
Canoga Park Parking Facility #674, 7218 Jordan Ave. 91303
Canoga Park Parking Facility #618, 7134 Remmet Ave. 91303
Van Nuys Parking Facility #630, 14517 Erwin Ave. 91401
Parking Lot #630A, 14444 Sylvan Ave. 91401
Canoga Park Parking Facility #644, 7219 Remmet Ave. 91303
Reseda Parking Facility #640, 7130 Darby Ave. 91335
Canoga Park Parking Facility #687, 7141 Remmet Ave. 91303
North Hollywood Parking Facility, 11320 Chandler Blvd. 91601
Off Street Parking #712, 7246 Baird Ave. 91335
Off Street Parking #704, 7128 Jordan Ave. 91303
Lot 725, 7117 Remmet St. 91303
Parking Lot #602, 11320 Chandler Blvd

